

Drexel University and Subsidiaries
Financial Statements and
Schedule of Expenditures of Federal Awards and
Reports in Accordance with Uniform Guidance
For the Year Ended June 30, 2020
EIN # 23-1352630

Drexel University and Subsidiaries
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June 30, 2020

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I. Financial Statements



Report of Independent Auditors

To the Board of Trustees
Drexel University

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Drexel University and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Drexel University and its subsidiaries as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2020 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2020. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

October 30, 2020

Drexel University and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2020 and 2019 (\$'s in thousands)

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Assets: | | |
| Cash, cash equivalents, and restricted cash | | |
| Operating | \$ 48,527 | \$ 45,084 |
| Restricted | 38,599 | 12,668 |
| Accounts receivable | 160,841 | 111,470 |
| Contributions receivable, net | 84,531 | 87,393 |
| Loans receivable | 18,473 | 23,402 |
| Prepaid expenses and other assets | 78,025 | 31,155 |
| Malpractice insurance trust | 8,856 | 13,208 |
| Beneficial interests in trusts | 42,339 | 43,595 |
| Investments | 759,488 | 812,120 |
| Land, buildings and equipment, net | 981,859 | 972,039 |
| Finance lease right-of-use (ROU) asset | 12,877 | - |
| Operating lease right-of-use (ROU) asset | 91,139 | - |
| Assets held for sale | - | 7,710 |
| Total assets | \$ 2,325,554 | \$ 2,159,844 |
| Liabilities: | | |
| Accounts payable | \$ 52,251 | \$ 64,941 |
| Accrued liabilities | 103,304 | 111,740 |
| Deposits and deferred revenue | 183,155 | 153,891 |
| Finance lease liability | 9,472 | 6,846 |
| Operating lease liability | 106,673 | - |
| Government advances for student loans | 19,991 | 29,199 |
| Accrued retirement obligations | 44,271 | 45,948 |
| Bonds and notes payable | 534,402 | 445,527 |
| Liabilities held for sale | 8,659 | 16,660 |
| Total liabilities | 1,062,178 | 874,752 |
| Net Assets: | | |
| Without donor restrictions | 558,426 | 590,213 |
| With donor restrictions | 704,950 | 694,879 |
| Total net assets | 1,263,376 | 1,285,092 |
| Total liabilities and net assets | \$ 2,325,554 | \$ 2,159,844 |

The accompanying notes are an integral part of these consolidated financial statements.

Drexel University and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2020 (\$'s in thousands)

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Operating | | | |
| Revenues and releases: | | | |
| Tuition and fees, room and board | \$ 646,463 | \$ - | \$ 646,463 |
| Grants and contracts | 109,899 | 28,030 | 137,929 |
| Physician services | 3,938 | | 3,938 |
| Auxiliary enterprises | 16,490 | | 16,490 |
| Commonwealth appropriations | 8,459 | | 8,459 |
| Contributions | 2,897 | 34,834 | 37,731 |
| Allocation of endowment spending from financial capital | 12,512 | 24,653 | 37,165 |
| Investment income, net | 3,007 | 537 | 3,544 |
| Other income | 35,784 | 204 | 35,988 |
| Total revenues | 839,449 | 88,258 | 927,707 |
| Net assets released from restrictions | 69,779 | (69,779) | - |
| Total revenues and releases | 909,228 | 18,479 | 927,707 |
| Expenses: | | | |
| Salaries and wages | 435,535 | | 435,535 |
| Employee benefits | 111,888 | | 111,888 |
| Depreciation and amortization | 59,713 | | 59,713 |
| Interest | 13,566 | | 13,566 |
| Other operating expenses | 267,315 | | 267,315 |
| Total expenses | 888,017 | - | 888,017 |
| Increase in net assets from operating activities | 21,211 | 18,479 | 39,690 |
| Loss from discontinued operations | | | |
| Closure of physician's practice plan | (42,543) | | (42,543) |
| (Decrease) in net assets from discontinued operations | (42,543) | - | (42,543) |
| Non-operating | | | |
| Contributions - Endowment and other gifts | 44 | 8,826 | 8,870 |
| Realized / unrealized net loss on investments, net of endowment payout and expenses | (6,923) | (17,234) | (24,157) |
| Change in funding status of post-retirement and defined benefit plans | (3,368) | | (3,368) |
| Other (decreases) | (208) | | (208) |
| (Decrease) in net assets from non-operating activities | (10,455) | (8,408) | (18,863) |
| Total (decrease) / increase in net assets | (31,787) | 10,071 | (21,716) |
| Net assets, beginning of year | 590,213 | 694,879 | 1,285,092 |
| Net assets, end of year | \$ 558,426 | \$ 704,950 | \$ 1,263,376 |

The accompanying notes are an integral part of these consolidated financial statements.

Drexel University and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2019 (\$'s in thousands)

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Operating | | | |
| Revenues and releases: | | | |
| Tuition and fees, room and board | \$ 665,764 | \$ - | \$ 665,764 |
| Grants and contracts | 111,794 | 14,009 | 125,803 |
| Physician services | 3,801 | | 3,801 |
| Auxilliary enterprises | 20,792 | | 20,792 |
| Commonwealth appropriations | 9,165 | | 9,165 |
| Contributions | 4,566 | 7,072 | 11,638 |
| Allocation of endowment spending from financial capital | 9,893 | 19,676 | 29,569 |
| Investment income, net | 2,594 | 414 | 3,008 |
| Other income | 28,019 | 393 | 28,412 |
| Total revenues | 856,388 | 41,564 | 897,952 |
| Net assets released from restrictions | 52,734 | (52,734) | - |
| Total revenues and releases | 909,122 | (11,170) | 897,952 |
| Expenses: | | | |
| Salaries and wages | 432,870 | | 432,870 |
| Employee benefits | 113,165 | | 113,165 |
| Depreciation and amortization | 50,396 | | 50,396 |
| Interest | 15,402 | | 15,402 |
| Other operating expenses | 325,968 | | 325,968 |
| Total expenses | 937,801 | - | 937,801 |
| (Decrease) in net assets from operating activities | (28,679) | (11,170) | (39,849) |
| Loss from discontinued operations | | | |
| Closure of physician's practice plan | (41,651) | | (41,651) |
| (Decrease) in net assets from discontinued operations | (41,651) | - | (41,651) |
| Non-operating | | | |
| Contributions - Endowment and other gifts | 1,362 | 14,922 | 16,284 |
| Realized / unrealized net gain on investments, net of endowment payout and expenses | 3,819 | 9,031 | 12,850 |
| Change in funding status of post-retirement and defined benefit plans | (1,697) | | (1,697) |
| Other increases | 1,066 | | 1,066 |
| Increase in net assets from non-operating activities | 4,550 | 23,953 | 28,503 |
| Total (decrease) / increase in net assets | (65,780) | 12,783 | (52,997) |
| Net assets, beginning of year | 655,993 | 682,096 | 1,338,089 |
| Net assets, end of year | \$ 590,213 | \$ 694,879 | \$ 1,285,092 |

The accompanying notes are an integral part of these consolidated financial statements.

Drexel University and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019 (\$'s in thousands)

| | 2020 | 2019 |
|---|------------------|------------------|
| Operating activities: | | |
| (Decrease) in net assets | \$ (21,716) | \$ (52,997) |
| Adjustments to reconcile change in net assets to net cash (used in) / provided by operating activities: | | |
| Depreciation and amortization | 56,824 | 48,469 |
| Loss on disposal of equipment | 425 | 1,904 |
| Change in market value in beneficial interests in trusts | 1,256 | 1,878 |
| Contributions restricted for long-term investment | (11,251) | (15,793) |
| Non-cash contributions received | (2,645) | (1,076) |
| Proceeds from the sale of donated securities | 2,351 | 906 |
| Actuarial change on annuity liabilities | 1,719 | (543) |
| Realized/unrealized (gain) on investments | (21,624) | (50,229) |
| Changes in assets and liabilities that provide / (use) cash: | | |
| Accounts receivable | (49,371) | 41,404 |
| Contributions receivable | 1,649 | 10,913 |
| Other assets | (46,870) | 2,374 |
| Accounts payable and accrued liabilities | (22,096) | 15,539 |
| Accrued retirement obligations | (1,677) | (2,620) |
| Deposits and deferred revenue | 29,264 | (17,067) |
| Other, net | (291) | 8,950 |
| Net cash (used in) operating activities | (84,053) | (7,988) |
| Investing activities: | | |
| Purchase of investments | (86,864) | (69,090) |
| Proceeds from sales and maturities of investments | 161,150 | 106,202 |
| Change in malpractice insurance trust | 4,352 | (4,236) |
| Student loans repaid | 4,942 | 5,608 |
| Student loans issued | (13) | (296) |
| Purchases of land, buildings and equipment | (61,948) | (70,953) |
| Net cash (used in) / provided by investment activities | 21,619 | (32,765) |
| Financing activities: | | |
| Proceeds from restricted contributions | 11,251 | 15,793 |
| Proceeds from sale of contributed securities restricted for endowment | 924 | 2,266 |
| Payments on annuity obligations | (439) | (619) |
| Proceeds/(repayment) of federal student loan funds | (9,208) | 103 |
| Proceeds from short-term debt | 70,000 | 30,000 |
| Payments on finance lease liability | (1,274) | - |
| Proceeds from long-term notes payable | 28,150 | - |
| Repayments of long-term debt | (7,596) | (7,315) |
| Net cash provided by financing activities | 91,808 | 40,228 |
| Net (decrease) in cash and cash equivalents, and restricted cash | 29,374 | (525) |
| Cash and cash equivalents, and restricted cash, beginning of year | 57,752 | 58,277 |
| Cash and cash equivalents, and restricted cash, end of year | \$ 87,126 | \$ 57,752 |
| Supplemental information | | |
| Gifts-in-kind | \$ 277 | \$ 81 |
| Cash paid for interest | 15,047 | 16,600 |
| Amounts accrued for purchase of land, buildings and equipment | 12,130 | 11,820 |
| Donated securities | 3,305 | 3,261 |

The accompanying notes are an integral part of these consolidated financial statements.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

1. Nature of Organization and Operations

Drexel University (the “University”) is one of the largest private universities in the United States of America. The University has the distinction of having one of the nation’s oldest, largest and best-known cooperative education programs. Founded in 1891 by founder and philanthropist Anthony Joseph Drexel, the University is a private comprehensive global research university with three campuses located in Philadelphia, Pennsylvania, as well as other regional sites. With over 24,000 enrolled undergraduate, graduate and professional students, the University is dedicated to advancing knowledge and society and to providing every student with a valuable, rigorous, experiential, technology-infused education. The University offers over 200-degree programs in its 15 colleges and schools in arts and sciences, biomedical engineering and sciences, business, computing and informatics, economics, education, engineering, entrepreneurship, food and hospitality management, law, media arts and design, medicine, nursing and health professions, and public health.

Academy of Natural Sciences of Philadelphia

Pursuant to an affiliation agreement dated September 30, 2011, the University owns 100% of the Academy of Natural Sciences of Philadelphia, doing business as the Academy of Natural Sciences of Drexel University (“ANS”). ANS, founded in 1812, is a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. ANS is dedicated to encouraging and cultivating the sciences and advancing learning. ANS operates a public museum in Philadelphia and conducts systematic research and research in aquatic ecosystems, including integrating such research with education regarding biodiversity and environmental science in collaboration with the University and its students.

Academic Properties, Inc.

The University owns 100% of Academic Assets, Inc. which owns 100% of Academic Properties, Inc. (“API”), an exempt organization under Section 501 (c)(3) of the Internal Revenue Code. API manages properties used by the University, as well as other strategically located properties contiguous to its campus.

Drexel University Online, LLC

Drexel University Online, LLC (“DUO”) is a non-profit, Delaware, single-member, limited liability company, wholly owned subsidiary of the University that specializes in marketing, recruiting, instructional design, and supporting innovative internet-based distance education programs for working professionals and corporations in the U.S. and abroad. DUO also provides training, performs industry comparison research, and support for grants. DUO was created on July 1, 2015 as the successor entity to the former for-profit operations of Drexel eLearning, Inc., which was merged with and into DUO on that date.

Dragon Risk Limited, Co.

Dragon Risk Limited, Co. (“DRLC”) is a single member, limited liability company, formed and domiciled in the State of Vermont, of which the University is the sole member. DRLC received its Articles of Organization on May 23, 2014 from the Vermont Secretary of State, its Certificate of Authority from the Vermont Department of Financial Regulation on June 11, 2014 and commenced business on July 1, 2014. DRLC provides excess liability coverage to the University.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Drexel Global Initiatives, LLC

Drexel Global Initiatives, LLC (“Drexel Global”) is a Pennsylvania, single member limited liability company established February 1, 2014, of which the University is the sole member. Drexel Global’s purpose is to operate exclusively for educational purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code, and it has been established to assist the University in its international operations. The business and affairs of Drexel Global are managed by a board of managers established by the University.

DUC, LLC

DUC, LLC is a Pennsylvania limited liability company established on December 13, 2013, of which the University has the 95% ownership. DUC, LLC’s purpose is to carry out the purposes of the University, including, but not limited to assisting in the financing for the development, construction and leasing of certain real estate owned by the University located at 3610 Warren Street, Philadelphia, Pennsylvania 19104 (the “Land”). The University’s portion of business (“POB”) shall construct and develop an approximately 90,000 square foot building at this land to house the K-9 school campus for the Powel-Science Leadership Academy Middle School. The business and affairs of DUO, LLC are managed by the University.

11th Street Family Health Services, Inc.

11th Street Family Health Services, Inc. (“11th Street”), a Pennsylvania non-profit corporation, was formed on December 12, 2013. 11th Street is a non-profit real estate holding company, wholly owned by the University, organized to operate in furtherance of the activities of the University and to facilitate the use of new market tax credits in rehabilitating and expanding the structures located at 850 North 11th Street, Philadelphia (the “Property”) which was donated from the University on December 23, 2013. The Property is in a qualified census tract that meets certain income, unemployment and poverty level requirements and qualifies under the New Market Tax Credit Program as a qualified active low-income community business (a “QALICB”), as defined by Section 45D of the Internal Revenue Code of 1986, as amended, and Section 1.45D-1(d)(4) of the Code of Federal Regulations. The project is funded by a qualified low-income community investment loan.

1200 Chestnut Street General Partner, Inc.

1200 Chestnut Street General Partner, Inc. (“1200 Chestnut GP”), Pennsylvania corporation, is the sole general partner in 1200 Chestnut Street I, Limited Partnership (“1200 Chestnut LP”). 1200 Chestnut GP is a wholly owned subsidiary of the University. The officers of 1200 Chestnut GP are also the officers and senior leadership of the University. As part of the historic tax credit transactions, a separate, for-profit, single purpose entity was established to own the 1200-1202 Chestnut Street property with 1200 Chestnut GP holding a 1% interest. 1200 Chestnut GP follows a calendar based fiscal year.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

1200 Chestnut Street I, Limited Partnership

1200 Chestnut LP, a Pennsylvania limited partnership, was formed on November 28, 2016 to acquire, own, rehabilitate and lease, manage and operate Partnership property in a manner that will qualify such rehabilitation for historic rehabilitation tax credits allowable pursuant to Section 47 of the Internal Revenue Code of 1986, as amended. 1200 Chestnut LP property is comprised of the land and historic building located at 1200-1202 Chestnut Street, Philadelphia, Pennsylvania 19107. The general partner is 1200 Chestnut Street GP, which holds a 1% interest in 1200 Chestnut LP. The University meets the requirements for consolidation of 1200 Chestnut LP through its ownership of 1200 Chestnut GP and control of 1200 Chestnut LP. 1200 Chestnut LP follows a calendar based fiscal year.

3509 Spring Garden, General Partner, Inc.

3509 Spring Garden, General Partner, Inc., (“3509 GP”) a Pennsylvania corporation, is the sole general partner in 3509 Spring Garden, Limited Partnership (“3509 LP”). 3509 GP is a wholly owned subsidiary of the University. The officers of 3509 GP are also the officers and senior leadership of the University. As part of the new market tax credit and historic tax credit transactions, a for-profit, single purpose entity was needed to own the property and to own the 3509 Spring Garden, Limited Partnership Qualified Active Low-Income Community Business (“QALICB”). The 3509 LP QALICB was established, with 3509 GP acting as the general partner and holding a 90% interest. 3509 GP follows a calendar based fiscal year.

3509 Spring Garden, Limited Partnership

3509 LP, a Pennsylvania limited partnership, was formed on February 25, 2013 to acquire, own, rehabilitate, lease, manage and operate the 3509 Spring Garden property (the “Dornsife Center”) in a manner that will qualify such rehabilitation for historic rehabilitation tax credits allowable pursuant to Section 47 of the Internal Revenue Code of 1986, as amended. The Dornsife Center is also located in a qualified census tract that meets certain income, unemployment and poverty level requirements and qualifies under the New Market Tax Credit Program as a QALICB. Through its ownership of 3509 GP, Drexel University holds a 90% interest in 3509 LP. 3509 LP follows a calendar based fiscal year.

3509 Spring Garden, Master Tenant Manager, Inc.

3509 Spring Garden, Master Tenant Manager, Inc., (“3509 MTM”) a Pennsylvania corporation, is the sole general partner in 3509 Spring Garden, Master Tenant, Limited Partnership (“3509 MTLP”). 3509 MTM is a wholly owned subsidiary of the University. The officers of 3509 MTM are also the officers and senior leadership of the University. As part of the new market tax credit and historic tax credit transactions, a separate, for-profit, single purpose entity was established to operate the sublease of the Dornsife Center to meet the QALICB requirements. 3509 MTM is the non-member manager of the property and the general partner, holding a 0.01% interest in 3509 MTLP. 3509 MTM follows a calendar based fiscal year.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

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3509 Spring Garden, Master Tenant, Limited Partnership

3509 MTLP, a Pennsylvania limited partnership, was formed on August 21, 2013 to lease, manage and operate property owned by 3509 LP. 3509 MTLP has made an equity investment in 3509 LP and is also a partner with a 10% interest. 3509 MTLP consists of a general partner with 0.01% interest and a limited partner with a 99.99% interest. 3509 MTLP and 3509 LP have executed a historic tax credit pass-through agreement pursuant to which 3509 LP will elect under Section 50 of the Internal Revenue Code to pass through to the Partnership the federal tax credits to which it is entitled because of the historic building's rehabilitation project. The University meets the requirements for consolidation of the 3509 MTLP through its ownership of the general partner (3509 MTM) and control of 3509 MTLP. 3509 MTLP follows a calendar based fiscal year.

2. Summary of Significant Accounting Policies

General

The University is a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. The consolidated financial statements include the University, the Academy of Natural Sciences of Philadelphia, Drexel University Online, LLC, Academic Properties, Inc., and the University's other subsidiaries which are described in detail in these notes. All University subsidiaries have a fiscal year ending June 30, unless otherwise indicated in Note 1. All subsidiary financial information included within the financial statements has been consolidated utilizing the University's fiscal year.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and with the provision of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*, which requires the university to classify its net assets into two categories according to donor-imposed restrictions; net assets without donor imposed restrictions and net assets with donor imposed restrictions. All material transactions between the University and its subsidiaries have been eliminated.

Net Assets without Donor Restrictions – Net assets derived from tuition and other University resources that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions include board designated funds functioning as endowment funds.

Net Assets with Donor Restrictions - Net assets which are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets, net assets from endowments not yet appropriated for spending by the University and student loan funds. In some cases, donor restrictions can be fulfilled by actions of the University in accordance with those stipulations or by the passage of time. In other cases, some restrictions, such as endowed funds, are permanent, and typically, the donors of these assets permit the University to use all or part of the income earned on these assets for operations. Restrictions include support of specific schools, colleges and

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Notes to Consolidated Financial Statements

June 30, 2020 and 2019

departments of the University, professorships, research, faculty support, scholarships and fellowships, building construction and other purposes. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Measure of Operations

The University's measure of operations as presented in the Consolidated Statements of Activities includes revenue from tuition and fees, room and board, grants and contracts, physician services, contributions for operating programs, the allocation of endowment spending for operations and other revenues. Operating expenses are reported on the Consolidated Statements of Activities by natural classification.

Liquidity and Availability

The University's financial assets available within one year of the balance sheet date for general expenditure as of June 30, 2020 and 2019 are as follows:

| <i>(in thousands)</i> | 2020 | 2019 |
|--|-------------------|-------------------|
| Total assets at year-end | \$ 2,325,554 | \$ 2,159,844 |
| Less: non-financial and financial assets not available within one year | | |
| Restricted cash | (38,599) | (12,668) |
| Tuition receivable due in more than one year | (6,532) | (7,776) |
| Contributions receivable with donor restrictions | (84,531) | (87,393) |
| Loans receivable due in more than one year | (13,415) | (21,241) |
| Prepaid expenses and other assets | (78,025) | (31,155) |
| Malpractice insurance trust | (8,856) | (13,208) |
| Beneficial Interests in trusts | (42,339) | (43,595) |
| Investments | (759,488) | (812,120) |
| Land, buildings and equipment, net | (981,859) | (972,039) |
| Finance lease right-of-use (ROU) asset | (12,877) | - |
| Operating lease right-of-use (ROU) asset | (91,139) | - |
| Assets held for sale | - | (7,710) |
| Financial assets available at year-end for current use | \$ 207,894 | \$ 150,939 |

As of June 30, 2020, the University has \$207,894,000 of financial assets that are available within one year of the balance sheet date to meet cash needs for general expenditure. In addition to these available financial assets, a significant portion of the University's annual expenditures will be funded by current year operating revenues including tuition and fees, room and board, grant and contract income and auxiliary enterprise income. The University structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

The University's endowment funds consist of donor-restricted and board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 7, for fiscal year 2020 and 2019 the Board of Trustees approved a current distribution to 6.00% and 4.75% of the average fair value of the pooled endowment portfolio for the prior seven fiscal years, except for ANS in which the Board of Trustees approved a distribution to 6.00% and 5.50% of the fair market value of the pooled endowment assets for the prior

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

seven years. Under the approved spending rules, the University received an allocation of \$37,165,000 and \$29,569,000 in fiscal years 2020 and 2019, respectively. The endowment portfolio structures cash to be available for the endowment spend and to fulfill capital calls for alternative investments.

To help manage unanticipated liquidity needs, the University has committed lines of credit in the amount of \$100 million, which it could draw upon. Additionally, the University has a board-designated endowment of \$270,457,000 as of June 30, 2020. Although the University does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. However, the board-designated endowment funds contain investments with lock-up provisions that reduce the total investments that could be made available.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents represent demand deposits and other investments with an initial maturity date not exceeding 90 days. At June 30, 2020 and 2019, the University had cash balances in financial institutions, which exceed federal depository insurance limits. Management believes the credit risks related to these deposits to be minimal. Cash and cash equivalents are carried at cost, which approximates fair value. Restricted cash includes funds related to the Perkins Loan program and K-8 Powel Elementary School and Science Leadership Academy Middle School (“Powel/SLA-MS”) project. All money market funds that are held in endowment are considered investments by the University.

Contributions Receivable

Contributions and unconditional pledges are recorded at the present value of their expected future cash flows. Unconditional pledges that are expected to be collected within one year are recorded at their estimated net realizable value. Conditional pledges are not included as revenue until the conditions, which represent barriers that must be overcome before the University is entitled to the assets transferred, are fulfilled. Contributions are reported as an increase in the appropriate net asset category.

Beneficial Interests in Trusts and Split-Interest Agreements

The University is the beneficiary of the income of certain trusts but has neither possession nor control of the investments. Beneficial interests in trusts are classified as Level 3. (See Note 6 for investment level definitions). The trusts are recorded at fair value based on the interest in the trust as determined by the trustee based on the value of underlying securities held by the trusts and are primarily composed of equity and fixed income securities that have readily determinable values. The primary unobservable inputs used in the fair value measurement of the trusts are the present value of expected future cash flows. Significant fluctuation in the securities held in the trusts could result in a material change in fair value. The University is also party to certain split-interest agreements. The related liabilities to these arrangements are revalued annually based on the current interest rate tables from the Society of Actuaries and are categorized as Level 3.

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Fair Value of Financial Instruments

The University applies fair value measurements in the year of receipt to contributions receivable, beneficial interests in trusts, investments, self-insurance escrow funds, internally held real estate of the endowment, funds held by trustees, interest rate swaps, and annuities on an annual basis. A reasonable estimate of the fair value of student loans receivable under government loan programs and refundable federal student loans cannot be made because the loans cannot be sold and can only be assigned to the U.S. Government or its designees. These loans are recorded at cost, less an allowance for doubtful accounts and the carrying value of the loan receivable from students under Drexel's loan programs approximate fair value. (Notes 5, 6, 7, and 10 for additional fair value disclosures).

Physician Services

Faculty physicians participate in several physician practice plans that are managed by the University. Revenue and expenses related to these practice plans are recorded by the University as physician services. Physician services include patient service revenue and other physician service activities.

Patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payers, and others for services rendered. The University provides care to patients under various reimbursement arrangements, including Medicare and Medicaid. These arrangements provide payment for covered services at agreed-upon rates under certain fee schedules and various discounts. Price concessions to estimate the difference between gross rates and contracted rates with payers have been included in the determination of net revenue.

Contributions

All contributions received are available for unrestricted use unless specifically restricted by the donor. Amounts to be received in the future or that are designated for future periods or restricted by the donor for specific purposes are classified as such. Contributions having restrictions that are general purpose in nature are released in the year of the donation.

Contributed property and equipment are recorded at fair value as of the date of the donation. If the donor restricts how long the asset must be used or how the asset is used, the contributions are recorded as restricted. In the absence of stipulations, these contributions are recorded as without restrictions.

Non-operating Activities

Non-operating activities include contributions to the University's endowment, investment returns, gains and losses on investments, and other activities related to endowment, post-retirement benefit plan and defined benefit pension plan adjustments, restructuring costs, and losses on extinguishment of debt.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The University has been granted tax-exempt status as a non-profit organization under Section 501 (c)(3) of the Internal Revenue Code and, accordingly, files Federal Tax Form 990 (*Return of Organization Exempt from Income Tax*), annually. The University files U.S. federal, state and local informational returns. The statute of limitations on the University's U.S. federal information returns remains open for three years following the year they are filed.

The University and its affiliates engage in activities that are subject to unrelated business income taxes for which appropriate income tax returns are filed (Note 17).

The FASB issued ASC No. 740-10, *Accounting for Uncertainty in Income Taxes*, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. The University does not believe there are any uncertain tax positions that require recognition in the financial statements.

Accounting for Derivative Instruments and Hedging Activities

The University entered into a variable-to-fixed swap agreement with Wells Fargo Bank, N.A. that converts the Series B of 2005 bonds to a fixed interest rate of 3.414% through the maturity of the bonds. The changes in fair value of the agreement resulted in a loss of \$1,001,000 and \$807,000 in 2020 and 2019, respectively. The fair value of the interest rate swap agreement was a liability of \$4,424,000 and \$3,423,000, respectively, at June 30, 2020 and 2019.

The swap agreement is used by the University to reduce exposure to the volatility in variable interest rates on long-term debt (Note 12). There were no other swap agreements in effect as of June 30, 2020 or 2019. The fair value of the swap agreements is reported within accrued expenses in the Consolidated Statements of Financial Position. The change in the estimated fair value of terminating the interest rate swap agreement is included in realized and unrealized net (loss) / gain on investments in the non-operating section of the Consolidated Statements of Activities.

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Recently Adopted Accounting Pronouncements

Beginning in May 2014, the FASB issued several Accounting Standard Updates which established a new framework for *Revenue from Contracts with Customers (Topic 606)*. The core principle is that revenue is recognized in manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be compensated in exchange for those goods or services. The guidance is effective for annual fiscal periods beginning after December 15, 2017. The University has adopted the standard by applying the retrospective transition method, and the impact is reflected in the Consolidated Statements of Activities and Note 14 for both periods presented.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is meant to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for annual fiscal periods beginning after December 15, 2018. In July 2018, FASB issued ASU No. 2018-11 which amends the transition methods contained in ASU No. 2016-02. The University has early adopted the standard on a modified retrospective basis effective July 1, 2019. As a result, the University has recorded the finance and operating lease right-of-use (ROU) assets and liabilities related to real estate and equipment leases. The impact is reflected in the Consolidated Statements of Financial Position and Note 9 for the period ending June 30, 2020. There was no change to the beginning net assets for the period ending June 30, 2019.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which revises the not-for-profit financial reporting model. ASU No. 2016-14 is meant to reduce the complexity of and add clarity to net asset reporting, add additional disclosure regarding nature of self-imposed limits on net assets without donor restrictions and net assets with donor restrictions, and add reporting requirements related to nature of expenses. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017. The University has adopted this new guidance retrospectively, and grouped the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the University has included expanded disclosures relating to: (1) the liquidity of financial assets, (2) expenses by both their natural and functional classification in the financial statements, and (3) disclosing a single net measure of investment return. As a result of adopting this standard, the underwater endowment deficiencies of \$2,355,000 were adjusted in the beginning net asset fund balances for the period ending June 30, 2018. Also, certain prior year amounts were reclassified to conform to the presentation requirements (Notes 2, 7, 13 and 15).

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In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 aims to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Entities must apply the guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if the retrospective application would be impracticable. The University has adopted ASU No. 2016-15 by applying the retrospective transition method which is reflected in the Consolidated Statements of Cash Flow for both periods presented. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715)*: ASU No. 2017-07 requires the service cost component of net periodic pension cost and net periodic postretirement benefit cost to be presented as part of fringe benefit expense in the Consolidated Statements of Activities. The other components of net periodic benefit cost will be reported as non-operating activity in the Consolidated Statements of Activities. ASU No. 2017-07 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. Entities must apply the guidance retrospectively to all periods presented. The University has adopted ASU No. 2017-07 and the impacts of these changes are reflected in the Consolidated Statements of Activities for both periods presented.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 is meant to provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. ASU No. 2018-08 is effective for annual periods beginning after June 15, 2018, with early adoption permitted. Entities can apply the guidance on a modified prospective basis or retrospective basis. The University has adopted ASU No. 2018-08 by applying the modified prospective transition method in its consolidated financial statements and the relevant footnotes (Note 14). The adoption did not have a material impact on the consolidated financial statements.

Recently Issued Accounting Pronouncements

In June 2016, FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. This ASU represents a significant change in the allowance for credit losses accounting model by requiring immediate recognition of management’s estimates of current expected credit losses. Under the current model, losses are recognized only as they are incurred, which FASB has noted delayed recognition of expected losses that might not yet have met the threshold of being probable. ASU No. 2016-13 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

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In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which aims to improve the usefulness of the disclosures to financial statement users and reduce unnecessary costs to companies when preparing the disclosures. ASU No. 2018-013 is effective for annual periods beginning after December 15, 2019, with early adoption permitted. Changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively. All other amendments should be applied retrospectively to all periods presented. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20) – Disclosure Framework – Changes to Disclosure Requirements for Defined Benefit Plans* which aims to improve the overall usefulness of disclosures to financial statement users and reduce unnecessary costs to companies when preparing the disclosures. ASU No. 2018-014 is effective for public business entities for annual periods beginning after December 15, 2021, with early adoption permitted on a retrospective basis to all periods presented. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The ASU aligns the accounting for costs incurred to implement a cloud computing arrangement that is a service arrangement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. ASU No. 2018-15 is effective for annual periods beginning after December 15, 2020, with early adoption permitted. Entities can apply the guidance prospectively or retrospectively. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808) – Clarifying the Interaction between Topic 808 and Topic 606*, which seeks to clarify that certain transaction between collaborative arrangement participants should be accounted for as revenue and apply all relevant guidance under Topic 606 to these revenues. In addition this ASU provides more comparability in the presentation of revenue for certain transaction between collaborative arrangement participants. ASU No. 2018-18 is effective for annual periods beginning after December 15, 2020. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

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In March 2019, the FASB issued ASU No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, which seeks to align the definition of collections as defined in the American Alliance of Museums' (AAM) Code of Ethics for Museums with its definition of collections in the Master Glossary. The FASB is also making a technical correction in *Topic 360 – Property, Plant and Equipment*, to clarify the accounting and disclosure guidance for collections in *Subtopic 958-360, Not-for Profit Entities – Property, Plant and Equipment*. ASU No. 2019-03 is effective for fiscal years beginning after December 15, 2019. The University is currently evaluating the standard to determine the impact it will have on its consolidated financial statements.

3. Accounts Receivable

Accounts receivable are reported less estimates for uncollectable amounts and contractually based discounts. American Academic Health Systems' receivables have been fully reserved due to their filing for bankruptcy on June 30, 2019.

Accounts receivable as of June 30, 2020 and 2019 were as follows:

| <i>(in thousands)</i> | 2020 | 2019 |
|---------------------------------------|-------------|-------------|
| Tuition | \$ 92,488 | \$ 56,329 |
| Grants, contracts, and other | 79,002 | 65,535 |
| Patient, net of contractual allowance | 2,071 | 3,882 |
| American Academic Health Systems | - | 10,174 |
| Accounts receivable, gross | 173,561 | 135,920 |
| Allowance for doubtful accounts: | | |
| Tuition | (6,933) | (6,662) |
| Grants, contracts, and other | (5,288) | (4,919) |
| Patient | (499) | (2,695) |
| American Academic Health Systems | - | (10,174) |
| Accounts receivable | \$ 160,841 | \$ 111,470 |

Student loans are disbursed based on financial need and include loans granted by the University from institutional resources and under Federal government loan programs. Students have a grace period until repayment is required based upon the earlier of graduation or no longer maintaining full-time status. The grace period varies depending on the type of loan. Loans accrue interest after the grace period and are repaid directly to the University. Student loans are uncollateralized and carry default risk.

The availability of funds for loans under Federal government revolving loan programs is dependent on reimbursements to the pool from repayments of outstanding loans. Funds advanced by the federal government of \$19,991,000 and \$29,199,000 at June 30, 2020 and 2019, respectively, are ultimately refundable to the government and are classified as liabilities in the Statements of Financial Position. Outstanding loans cancelled under the program result in a reduction of the funds available to loan and a decrease in the liability

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to the government. As of October 1, 2017, the Federal Perkins Loan Program expired, and new loans are no longer awarded and disbursed.

At June 30, 2020 and 2019, student loans consisted of the following:

| <i>(in thousands)</i> | 2020 | 2019 |
|--|-------------|-------------|
| Federal government loan programs | | |
| Perkins loan program | \$ 14,289 | \$ 17,458 |
| Health professions student loans and loans for disadvantaged students | 1,760 | 2,058 |
| Nursing student loans | - | - |
| Federal government loan programs | 16,049 | 19,516 |
| Institutional loan programs | 6,123 | 7,206 |
| Student loans receivable, gross | 22,172 | 26,722 |
| Less: Allowance for doubtful accounts | (3,699) | (3,320) |
| Student loans receivable | \$ 18,473 | \$ 23,402 |

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts according to the terms of the loan. Student loans are considered past due when payment is not received within 30 days of the due date, and interest continues to accrue until the loan is paid in full or written off. When a student loan receivable is deemed uncollectible, an allowance for doubtful accounts is established.

4. Contributions Receivable

Unconditional pledges are reported as contributions receivable and revenue in the appropriate net asset category. Contributions receivable with a payment due more than a year from the pledge date are recorded net of a discount using rates as of June 30, 2020 and June 30, 2019 that range between 0.16% to 0.66% and 1.75% to 2.00%, respectively. The University considers these discount rates to be a Level 3 input in the context of ASC No. 820-10 (Note 6).

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Net contributions receivable at June 30 were as follows:

| <i>(in thousands)</i> | 2020 | 2019 |
|---------------------------------|-------------|-------------|
| Amounts due in | | |
| Less than one year | \$ 23,838 | \$ 22,571 |
| One to five years | 24,728 | 29,918 |
| Greater than five years | 47,863 | 51,235 |
| Contributions receivable, gross | 96,429 | 103,724 |
| Less: | | |
| Allowance for uncollectibles | (691) | (506) |
| Discounts to present value | (11,207) | (15,825) |
| Contributions receivable, net | \$ 84,531 | \$ 87,393 |

As of June 30, 2020, the University has outstanding unrecorded conditional promises to give, including non-legally binding bequests, of \$106,270,000. When the conditional barriers are overcome and the donor's right of return has expired, the revenue is recorded and is generally restricted for operations, endowment and capital projects as stipulated by the donors.

As of June 30, 2020, the University, acting as an agent for U.S. Squash Racquets Association, has outstanding conditional pass-through pledges of \$7,000,000. As of June 30, 2020, the University has accrued a liability of \$0 payable to U.S. Squash Racquets Association.

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5. Investments and Investment Return

At June 30, 2020 and 2019, the fair value of the malpractice insurance trust and investments included the following:

| <i>(in thousands)</i> | Fair value | |
|---|-------------------|-------------|
| | 2020 | 2019 |
| Money market funds | \$ 39,668 | \$ 25,973 |
| U.S. equity | 154,610 | 167,506 |
| Global equity | 118,393 | 131,027 |
| Fixed income securities and bond funds | 62,122 | 112,632 |
| Real estate and real assets funds | 62,877 | 98,258 |
| Hedge funds | 28,633 | 27,421 |
| Private equity | 118,347 | 104,907 |
| Directly-held real estate | 107,460 | 99,469 |
| Total endowment investments | 692,110 | 767,193 |
| Self-insurance escrow funds | 33,207 | 44,204 |
| Interest in a partnership | 33,440 | - |
| Other investments | 731 | 723 |
| Total investments | 759,488 | 812,120 |
| Malpractice insurance trust | 8,856 | 13,208 |
| Total investments and malpractice insurance trust | \$ 768,344 | \$ 825,328 |

Self-insurance escrow funds are comprised of mutual funds that trade on active markets with readily observable prices. Malpractice insurance trust funds are comprised of fixed income securities with readily observable prices.

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The following summarizes the University's total investment return and its classification in the financial statements for the years ended June 30, 2020 and 2019:

| <i>(in thousands)</i> | 2020 | | |
|---|-----------------------------------|--------------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Investment income, net of expenses | \$ 3,205 | \$ 8,231 | \$ 11,436 |
| Realized/unrealized gains | 2,384 | (812) | 1,572 |
| Endowment payout under spending formula | (12,512) | (24,653) | (37,165) |
| Realized/unrealized loss on investments, net of endowment payout and expenses | (6,923) | (17,234) | (24,157) |
| Operating investment income, net | 3,007 | 537 | 3,544 |
| Total return on investments | \$ (3,916) | \$ (16,697) | \$ (20,613) |

| <i>(in thousands)</i> | 2019 | | |
|---|-----------------------------------|--------------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Investment income, net of expenses | \$ 2,907 | \$ 6,784 | \$ 9,691 |
| Realized/unrealized gains | 10,805 | 21,923 | 32,728 |
| Endowment payout under spending formula | (9,893) | (19,676) | (29,569) |
| Realized/unrealized gain on investments, net of endowment payout and expenses | 3,819 | 9,031 | 12,850 |
| Operating investment income, net | 2,594 | 414 | 3,008 |
| Total return on investments | \$ 6,413 | \$ 9,445 | \$ 15,858 |

6. Fair Value of Financial Instruments

The three-level hierarchy for fair value measurements is based on observable and unobservable inputs to the valuation of an asset or liability at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price") at the measurement date.

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The University maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. When available, fair value is based on actively quoted market prices. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value. In those cases, prices are estimated based on available historical financial data or comparable investment vehicles that reflect widely accepted market valuation practices. In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In those cases, the lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset. Fair value measurements are categorized as Level 3 when a significant number of price or other inputs, considered to be unobservable, are used in their valuations. The fair value hierarchy and inputs to valuation techniques are as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.
- Level 2 Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 primarily include nonexchange traded fixed income securities and interest rate swaps.
- Level 3 Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability. Instruments categorized in Level 3 consist of trusts and annuities, directly held real estate, and interest in real estate.

As a practical expedient, the University estimates the fair value of an investment in an investment company fund at the measurement date using the reported net asset value (NAV). The fair values of alternative investments represent the University's ownership interest in the net asset value (NAV) of the respective fund. Investments held by the funds consist of marketable securities, as well as, securities that do not have readily determinable fair values. The fair values of the securities held by these funds that do not have readily determinable fair values are based on historical cost, appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issue, and subsequent developments concerning the companies to which the securities relate.

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The significant unobservable inputs used in the fair value measurements of the University's investments in real estate are the selection of certain investment rates (discount rate, terminal capitalization rate, and overall capitalization rate). Significant increases or decreases in any of those inputs in isolation would result in a significantly lower or higher fair value measurement, respectively.

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As of June 30, 2020, and 2019, assets and liabilities at fair value were as follows:

| <i>(in thousands)</i> | 2020 | | | | |
|--|------------|----------|------------|-----------------------|------------|
| | Level 1 | Level 2 | Level 3 | Investments at NAV | Total |
| Assets | | | | | |
| Beneficial interest in trusts | \$ - | \$ - | \$ 42,339 | \$ - | \$ 42,339 |
| Malpractice insurance trust | 8,856 | - | - | - | 8,856 |
| Investments | | | | | |
| Money market funds | 39,668 | - | - | - | 39,668 |
| U.S. Equity | 141,814 | - | - | 12,796 | 154,610 |
| Global Equity | 82,350 | - | - | 36,043 | 118,393 |
| Fixed Income securities and bond funds | 56,909 | 2,501 | - | 2,712 | 62,122 |
| Real estate and real assets funds | - | - | 5,050 | 57,827 | 62,877 |
| Hedge funds | - | - | - | 28,633 | 28,633 |
| Private Equity | - | - | - | 118,347 | 118,347 |
| Directly-held real estate | - | - | 107,460 | - | 107,460 |
| Investments held in endowment | 320,741 | 2,501 | 112,510 | 256,358 | 692,110 |
| Self-insurance escrow funds | 33,207 | - | - | - | 33,207 |
| Other investments | 444 | - | - | 287 | 731 |
| Total investments | 354,392 | 2,501 | 112,510 | 256,645 | 726,048 |
| Total assets measured at fair value | \$ 363,248 | \$ 2,501 | \$ 154,849 | \$ 256,645 | \$ 777,243 |
| Liabilities | | | | | |
| Interest rate swaps (Note 1) | \$ - | \$ 4,424 | \$ - | \$ - | \$ 4,424 |
| Split-interest agreements | - | - | 1,250 | - | 1,250 |
| Annuities | - | - | 7,521 | - | 7,521 |
| Total liabilities measured at fair value | \$ - | \$ 4,424 | \$ 8,771 | \$ - | \$ 13,195 |
| 2019 | | | | | |
| <i>(in thousands)</i> | Level 1 | Level 2 | Level 3 | Investments at NAV | Total |
| Assets | | | | | |
| Beneficial interest in trusts | \$ - | \$ - | \$ 43,595 | \$ - | \$ 43,595 |
| Malpractice insurance trust | 13,208 | - | - | - | 13,208 |
| Investments | | | | | |
| Money market funds | 25,973 | - | - | - | 25,973 |
| U.S. Equity | 155,617 | - | - | 11,889 | 167,506 |
| Global Equity | 92,196 | - | - | 38,831 | 131,027 |
| Fixed Income securities and bond funds | 76,828 | 1,242 | - | 34,562 | 112,632 |
| Real estate and real assets funds | - | - | 4,790 | 93,468 | 98,258 |
| Hedge funds | - | - | - | 27,421 | 27,421 |
| Private Equity | - | - | - | 104,907 | 104,907 |
| Directly-held real estate | - | - | 99,469 | - | 99,469 |
| Investments held in endowment | 350,614 | 1,242 | 104,259 | 311,078 | 767,193 |
| Self-insurance escrow funds | 44,204 | - | - | - | 44,204 |
| Other investments | 521 | - | - | 202 | 723 |
| Total investments | 395,339 | 1,242 | 104,259 | 311,280 | 812,120 |
| Total assets measured at fair value | \$ 408,547 | \$ 1,242 | \$ 147,854 | \$ 311,280 | \$ 868,923 |
| Liabilities | | | | | |
| Interest rate swaps (Note 1) | \$ - | \$ 3,423 | \$ - | \$ - | \$ 3,423 |
| Split-interest agreements | - | - | 1,647 | - | 1,647 |
| Annuities | - | - | 5,404 | - | 5,404 |
| Total liabilities measured at fair value | \$ - | \$ 3,423 | \$ 7,051 | \$ - | \$ 10,474 |

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Details related to the fair value of investments that have been estimated using a net asset value practical expedient (e.g. ownership interest in partners' capital to which a proportionate share of net assets is attributable) were as follows:

| <i>(in thousands)</i> | Fair Value | Unfunded Commitments | 2020 | |
|---|------------|----------------------|--|---|
| | | | Redemption Terms (If Currently Eligible) | Redemption Notice Period (If Applicable) |
| Hedge funds: | | | | |
| Multi-Strategy Hedge Funds (a) | \$ 105 | \$ - | | |
| Distressed Debt Hedge Funds (b) | 1,521 | - | | |
| Fixed Income and Related Hedge Funds (c) | 19,679 | - | Quarterly | 45 days |
| Real Estate Hedge Funds (d) | 7,328 | - | Quarterly | 60 days |
| Subtotal Hedge funds | 28,633 | - | | |
| Private Equity: | | | | |
| Private Capital Funds-Secondaries (e) | 6,254 | 2,889 | | |
| Private Capital Funds-Venture Capital (f) | 1,093 | 198 | | |
| Private Capital Funds-Buy-out (g) | 59,498 | 35,619 | | |
| Private Capital Funds-Debt (h) | 8,307 | 4,146 | | |
| Private Capital Funds-Real Asset Funds (i) | 27,737 | 35,502 | | |
| Private Capital Funds-Real Estate Funds (j) | 13,538 | 13,232 | | |
| Private Capital Funds-Hedge Fund Seeder (k) | 1,920 | 222 | | |
| Subtotal Private Equity | 118,347 | 91,808 | Close-ended funds not available for redemption | |
| US Equity (l) | 12,796 | - | | |
| Global Equity (l) | 36,043 | - | | |
| Fixed Income Securities and Bond Funds (l) | 2,712 | - | | |
| Real Estate and Real Assets Funds (l) | 57,827 | - | | |
| Other investments (l) | 287 | - | | |
| | \$ 256,645 | \$ 91,808 | | |

- a. This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. As of June 30, 2020, the composite portfolio includes 100% in private equity investments which can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets in the portfolio. If these investments were held, it is estimated that the underlying assets would be liquidated over the next 1 to 4 years. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.

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- b. This category includes investments in hedge funds that invest in debt of companies in or facing bankruptcy. As of June 30, 2020, the composite portfolio includes 100% in private equity investments which can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets in the portfolio. If these investments were held, it is estimated that the underlying assets would be liquidated over the next 1 to 4 years. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.
- c. This category includes investment in hedge funds that invest in U.S. mortgage backed securities. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.
- d. This category includes investment in hedge funds that invest in diversified U.S. real estate properties. The fair values of the investments have been estimated using the reported net asset value per share of the hedge fund.
- e. This category includes investments in private equity funds that invest in the secondary market. The private equity secondary market refers to the buying and selling of pre-existing investor commitments to private equity and other alternative investment funds. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2020, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 100% in 1 to 4 years. At June 30, 2019, the liquidation periods were expected to be: 100% in 1 to 4 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- f. This category includes investments in private equity funds that invest primarily in technology and healthcare companies in the U.S. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2020, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 100% in 1 to 4 years. At June 30, 2019, the liquidation periods were expected to be: 100% in 1 to 4 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- g. This category includes investments in private equity funds that invest in buy-outs. A buy-out is a purchase of a company or a controlling interest of a corporation's shares or product line or some business. These investments are diversified across industries and primarily in the U.S. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2020, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 9% over 1 to 4 years; 79% in 5 to 7 years; and 12% over 8 to 10 years. At June 30, 2019, the liquidation periods were expected to be: 0% in 1 to 4 years; 65% in 5 to 7 years; and 35% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.

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- h. This category includes investments in private equity funds that provide debt financing to middle market firms. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. At June 30, 2020, it is estimated that the fund's underlying assets would be liquidated over the following time frames: 42% in 1 to 4 years; 52% in 5 to 7 years; and 6% in 8 to 10 years. At June 30, 2019, the liquidation periods were expected to be: 60% in 1 to 4 years; and 40% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- i. This category includes investments in private equity funds that invest primarily in real assets (e.g. investments with intrinsic value, such as real estate or commodities). These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2020, it is estimated that the underlying assets of the fund would be liquidated over the following periods: 49% in 1 to 4 years; 21% in 5 to 7 years; and 30% in 8 to 10 years. At June 30, 2019, the liquidation periods were expected to be: 46% in 1 to 4 years; and 21% in 5 to 7 years; and 34% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the real asset fund.
- j. This category includes investments in private equity funds that invest in U.S. commercial real estate. These investments can never be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund. At June 30, 2020, it is estimated that the fund's underlying assets would be liquidated over the following time frames: 33% in 1 to 4 years; 62% in 5 to 7 years; and 5% in 8 to 10 years. At June 30, 2019, the liquidation periods were expected to be: 21% in 1 to 4 years; 47% in 5 to 7 years; and 32% in 8 to 10 years. The fair value has been estimated using the reported net asset value per share of the real estate fund.
- k. This category includes investments in private equity funds that invest in newly-started hedge funds that pursue multiple strategies. The fund provides start-up funding to hedge funds of various strategies with the potential to share in the appreciation of the investment, as well as to share in the management fees gathered by the underlying start-up hedge funds. As of June 30, 2020, and 2019, respectively, the fund's underlying investments were: 14% and 37% global equity; and 86% and 63% in diversified credit. These investments can never be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that the underlying assets would be liquidated in 1 to 4 years at June 30, 2020. The fair value has been estimated using the reported net asset value per share of the private capital fund.
- l. This category includes investments in US equity, global equity, fixed income securities and bond funds, real estate and real assets funds, and other investments. Investments in this category reflect the fair value of the specific assets or the underlying ventures' net assets. The valuations of these investments are the net asset values prepared by fund managers. Majority of these investments are commingled funds.

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The University owns partnership interests in a real estate portfolio classified real estate and real estate funds as a Level 3 asset. The interests have a fair market value of \$5,050,000 net of \$2,200,000 in outstanding debt. The valuation of these investment properties is prepared annually by an independent appraiser.

The change in the University's Level 3 assets and liabilities as of June 30 included the following:

| <i>(in thousands)</i> | 2020 | 2019 |
|--|-------------|-------------|
| Assets, at beginning of year | \$ 147,854 | \$ 138,749 |
| Net realized/unrealized gain | 8,929 | 13,671 |
| Sales and distributions of investments | (1,934) | (4,566) |
| Assets, at end of year | \$ 154,849 | \$ 147,854 |

| <i>(in thousands)</i> | 2020 | 2019 |
|--|-------------|-------------|
| Liabilities, at beginning of year | \$ 7,051 | \$ 7,595 |
| Changes in annuities and split-interest agreements | 1,720 | (544) |
| Liabilities, at end of year | \$ 8,771 | \$ 7,051 |

7. Endowment Funds

The University has an investment policy for endowment assets designed to maximize the total return within an acceptable level of risk consistent with long-term preservation of the real value of the funds. The goal is to manage the portfolio for risk as well as total return, consistent with fiduciary standards of the prudent investor rule.

To satisfy its rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment assets are invested in several asset classes and subclasses thereof to moderate the volatility of the returns for the entire portfolio.

For the years ended June 30, 2020 and 2019, the University had an endowment spending rule that limited the spending of endowment resources to a range of 4.75% to 6.00% of the average fair value of the pooled endowment portfolio for the prior seven fiscal years, except for ANS. The actual endowment spend rate for the University was 6.00% for the fiscal year ended June 30, 2020 and 4.75% for the fiscal year ending June 30, 2019. For the fiscal year ended June 30, 2020, ANS had an endowment spending rule that limited the spending of endowment resources to 6.00% of the fair market value of the pooled endowment assets for the prior seven years. For the fiscal year ended June 30, 2019, ANS had an endowment spending rule that limited the spending of endowment resources to 5.50% of the fair market value of the pooled endowment assets for the prior seven fiscal years. This rule was applied except in cases where the spending rate had been stipulated by the donor agreement (typically 5.0%).

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The University's endowment funds include both donor-restricted funds and funds designated by the Board of Trustees to function as endowments (quasi endowments). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The earnings on these funds are utilized by the University in a manner consistent with specific donor restrictions on the original contributions.

Interpretation of Relevant Law

The Board of Trustees has interpreted Pennsylvania Act 141 ("PA Act 141") as requiring the preservation of the fair value of the original gift as specified in the individual trust instruments. Because of this interpretation, the University internally classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) earnings of the endowment made in accordance with the direction of the applicable donor designation. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by PA Act 141. Both permanently restricted and temporarily restricted net assets are considered net assets with donor restrictions as per the applicable accounting standards. The University's policy is to not allocate spend from underwater endowment funds.

Endowment Funds with Deficiencies

From time to time, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund. The aggregate amount of funds with deficiencies is reported in net assets with donor restrictions in the Consolidated Statements of Activities. Subsequent investment gains are used to restore the balance to the fair market value of the original amount of the gift. Aggregate deficiencies were \$4,819,000 and \$2,245,000 as of June 30, 2020 and 2019, respectively. The original gift amount and the fair value of underwater endowment funds in the aggregate were \$86,486,000 and \$81,667,000 as of June 30, 2020 and \$30,793,000 and \$28,549,000 as of June 30, 2019, respectively.

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The net asset balances for the endowment composition by fund as of June 30, 2020 and 2019 were as follows:

| <i>(in thousands)</i> | 2020 | | |
|----------------------------------|---|------------------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ - | \$ 531,197 | \$ 531,197 |
| Board-designated endowment funds | 270,457 | - | 270,457 |
| Total assets | \$ 270,457 | \$ 531,197 | \$ 801,654 |

| <i>(in thousands)</i> | 2019 | | |
|----------------------------------|---|------------------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ - | \$ 537,242 | \$ 537,242 |
| Board-designated endowment funds | 277,042 | - | 277,042 |
| Total assets | \$ 277,042 | \$ 537,242 | \$ 814,284 |

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Changes in the University's endowment assets (excluding annuities and trusts) and for the years ended June 30, 2020 and 2019 were as follows:

| <i>(in thousands)</i> | 2020 | | |
|--|---|------------------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment, at beginning of year | \$ 277,042 | \$ 537,242 | \$ 814,284 |
| Endowment return: | | | |
| Investment income, net of fees | 3,205 | 8,231 | 11,436 |
| Net realized/unrealized gain | 1,047 | 2,311 | 3,358 |
| Total endowment return | 4,252 | 10,542 | 14,794 |
| Contributions | 56 | 8,834 | 8,890 |
| Use of endowment assets: | | | |
| Endowment payout used in operations | (10,893) | (26,272) | (37,165) |
| Other | - | 851 | 851 |
| Total uses of endowment assets | (10,893) | (25,421) | (36,314) |
| Endowment, at end of year | \$ 270,457 | \$ 531,197 | \$ 801,654 |

| <i>(in thousands)</i> | 2019 | | |
|--|---|------------------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment, at beginning of year | \$ 270,713 | \$ 509,481 | \$ 780,194 |
| Endowment return: | | | |
| Investment income, net of fees | 2,907 | 6,784 | 9,691 |
| Net realized/unrealized gain | 10,614 | 24,180 | 34,794 |
| Total endowment return | 13,521 | 30,964 | 44,485 |
| Contributions | 1,363 | 15,246 | 16,609 |
| Use of endowment assets: | | | |
| Endowment payout used in operations | (8,525) | (21,044) | (29,569) |
| Other | (30) | 2,595 | 2,565 |
| Total uses of endowment assets | (8,555) | (18,449) | (27,004) |
| Endowment, at end of year | \$ 277,042 | \$ 537,242 | \$ 814,284 |

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Endowment Loan

On December 5, 2018, the University's Board of Trustee's authorized management to fund the capital expenditures associated with the renovation and expansion of Bentley Hall (formerly Calhoun Hall) with a loan investment from the University's endowment portfolio, not to exceed \$35,000,000 million. On February 19, 2019, the University received a \$5,000,000 gift from Greg S. and Caroline Bentley for which the dormitory has been renamed. The dormitory will house a living/learning community for the Pennoni Honors College students and include a new, two-story glass stone addition of 10,800 square feet that will house the Pennoni Honors College offices and seminar rooms. The loan investment (Note 5) is consistent with the asset allocation provisions of the University's endowment Investment Policy Statement. Furthermore, the interest rate associated with this loan investment is comparable to investments of similar risk that are available to the endowment for investment.

The loan investment is interest-only over the five-year term, with a balloon payment of principal due no later the last day of the 60th month following the initial/first Anniversary Date. The interest rate is fixed for the first four years at 5% per annum ("Base Rate"). Effective as of the fifth anniversary date, the Base Rate will increase to the greater of (a) 5% plus 100 basis points (bps) or (b) the 10-year U.S. Treasury note plus 200 bps, not to exceed a rate of 8%. While the loan investment is outstanding, any donor funds received in support of this project, in supporting or naming the building, or associated activities concerning the property, will be directly applied to the outstanding principal balance of the loan investment. The University will incur zero fees, and the entire loan investment can be prepaid, at any time, without penalty at the discretion of the University.

In accordance with Treasury Regulation § 1.150-2, the University may temporarily finance from its own funds, all or a portion of the costs of the renovation and expansion of Bentley Hall up to an amount equal to the total costs of the renovation and expansion of Bentley Hall, which shall not exceed \$35,000,000, and may then use all or a portion of the proceeds of tax-exempt obligations to reimburse itself for expenditures originally paid prior to the date of issuance of the tax-exempt obligations, and all original expenditures which may be reimbursed will be capital expenditures (as defined in Treasury Regulation § 1.150-1(b)) and other permissible amounts under Treasury Regulation § 1.150-2(d)(3).

On December 4, 2019, the University's Board of Trustee's authorized management to fund a portion of its share of the St. Christopher's Hospital for Children acquisition costs with a loan investment from the University's endowment portfolio, up to \$13 million.

The loan investment (Note 5) is consistent with the asset allocation provisions of the University's endowment Investment Policy Statement. Furthermore, the interest rate associated with this loan investment is comparable to investments of similar risk that are available to the endowment for investment. The terms of this investment loan mirror the terms of the Bentley Hall endowment loan defined above.

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On December 4, 2019, the University's Board of Trustee's authorized management to establish a \$40 million short term line of credit to support additional start-up needs for St. Christopher's Hospital for Children and costs associated with the dissolution of the Drexel Physician Practice Plan resulting from the bankruptcy of the American Academic Health System and the abrupt closure of Hahnemann University Hospital. The line of credit was funded by an investment loan from the University's endowment portfolio.

The loan investment (Note 5) is consistent with the asset allocation provisions of the University's endowment Investment Policy Statement. Furthermore, the interest rate associated with this loan investment is comparable to investments of similar risk that are available to the endowment for investment. The annual interest rate on the investment loan is 6.5% The interest rate is based on the expected return of the overall portfolio.

8. Land, Buildings and Equipment

Land, buildings and equipment are stated at cost or, if acquired by gift, at the appraised value on the date of acquisition. Amortization and depreciation are computed on a straight-line basis over the lesser of the estimated useful lives of the assets ranging from 3 to 30 years for equipment, 3 to 5 years for software, and 5 to 60 years for buildings and improvements or the shorter of the term of the lease.

The University determined that there were legal obligations to retire certain facilities and equipment. The total asset retirement cost and obligation was \$1,275,000 and \$3,693,000 at June 30, 2020 and \$1,278,000 and \$3,628,000 at June 30, 2019, respectively, and is included in buildings and improvements and accrued expenses, respectively, on the Consolidated Statements of Financial Position. The demolition of the University City High School and removal of its hazardous substances significantly reduced the University's asset retirement obligation resulting in a significant credit to the depreciation expenses to recognize the elimination of this obligation.

The University maintains ownership of a parcel of property located at 1200 Chestnut Street, Philadelphia, PA. The use of the building is restricted for use by the Thomas R. Kline School of Law's Trial Advocacy Program.

Land, buildings and equipment at June 30 included the following:

| <i>(in thousands)</i> | 2020 | 2019 |
|---------------------------------------|-------------|-------------|
| Works of art | \$ 10,860 | \$ 10,583 |
| Land and improvements | 152,025 | 148,234 |
| Buildings and improvements | 1,193,340 | 1,118,603 |
| Equipment, software and library books | 225,951 | 226,104 |
| Construction in progress | 36,495 | 61,698 |
| Land, buildings, and equipment, gross | 1,618,671 | 1,565,222 |
| Less: Accumulated depreciation | (636,812) | (593,183) |
| Land, buildings and equipment, net | \$ 981,859 | \$ 972,039 |

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9. Leases

In February 2016, the FASB issued ASU 2016-02 (Topic 842) "Leases." Topic 842 supersedes the lease requirements in Accounting Standards Codification Topic 840, "Leases." Under Topic 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases can be classified as either finance or operating.

The University has adopted and applied Topic 842 to all leases effective July 1, 2019 with comparative periods continuing to be reported under Topic 840. The University has elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. Also, the University has also elected the policy exemption that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes.

The University determines if an arrangement is or contains a lease at inception of the contract. The right-of-use assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The University uses the implicit rate noted within the contract. If not readily available, the University uses the estimated incremental borrowing rate, which is derived using a collateralized borrowing rate and term as the associated lease. A right-of-use asset and lease liability is not recognized for leases with an initial term of 12 months or less and a lease expense is recognized for these leases on a straight-line basis over the lease term within lease and rental expense.

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The components of lease expense for the fiscal year ended June 30, 2020 are as follows:

| | Fiscal Year Ending 06/30/2020 |
|-------------------------------|-------------------------------------|
| Lease Expense: | |
| Finance lease expense | |
| Amortization of ROU assets | 911,586 |
| Interest on lease liabilities | 115,324 |
| Operating lease expense | 24,724,023 |
| Short-term lease expense | 194,028 |
| Variable lease expense | 8,248,807 |
| Total | 34,193,768 |

Other Information:

Cash paid for amounts included in the measurement of lease liabilities for finance leases

| | |
|----------------------------------|------------|
| Finance - Financing cash flows | 1,158,968 |
| Finance - Operating cash flows | 115,324 |
| Operating - Operating cash flows | 26,167,220 |

ROU assets obtained in the exchange for lease liabilities

| | |
|------------------|-----------|
| Finance leases | 995,100 |
| Operating leases | 8,298,858 |

Weighted-average remaining lease terms (in years)

| | |
|------------------|-------|
| Finance leases | 39.95 |
| Operating leases | 11.26 |

Weighted-average discount rate

| | |
|------------------|-------|
| Finance leases | 1.18% |
| Operating leases | 2.19% |

Maturities of lease liabilities were as follows:

| | Finance | Operating |
|------------------------------|------------------|--------------------|
| 07/01/2020 - 06/30/2021 | 810,981 | 22,192,211 |
| 07/01/2021 - 06/30/2022 | 809,060 | 21,120,461 |
| 07/01/2022 - 06/30/2023 | 805,843 | 10,566,619 |
| 07/01/2023 - 06/30/2024 | 768,222 | 5,778,890 |
| 07/01/2024 - 06/30/2025 | 406,940 | 5,565,894 |
| Thereafter | 6,105,471 | 58,824,500 |
| Total | 9,706,517 | 124,048,575 |
| Less: Present value discount | (234,552) | (17,375,171) |
| Lease liability | 9,471,965 | 106,673,404 |

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As of June 30, 2019, prior to the adoption of ASC 842, the annual and total future minimum lease payments under noncancelable operating leases were as follows:

(in thousands)

| | | |
|------------------------------|----|---------|
| June 30, | | |
| 2020 | \$ | 25,077 |
| 2021 | | 23,148 |
| 2022 | | 21,599 |
| 2023 | | 10,969 |
| 2024 | | 4,659 |
| Thereafter | | 50,170 |
| Total minimum lease payments | \$ | 135,622 |

The University entered into an agreement with the Commonwealth of Pennsylvania (the “Commonwealth”) on August 1, 2002 to lease space in the Armory Building (the “Armory”) at no cost for an initial period of fifty years during which time the University agreed to complete certain improvements to the Armory at the University’s expense. Thereafter, the lease may be renewed for two, additional twenty-year periods at fair value. In the event the Commonwealth should desire to sell the property during the initial or additional lease periods, the University has the option to purchase the Armory for \$1,700,000, adjusted for inflation. In June 2018, the University and the Commonwealth of Pennsylvania entered into an amendment to the original lease agreement to extend the initial term for the “Drill Hall” portion of the lease to sixty-five years. The University remeasured the capital lease asset and liability based on the fair market value of the rent under the arrangement for the revised lease term of 65 years. The capital lease liability amounted to \$6,722,000 and \$6,846,000 at June 30, 2020 and 2019, respectively. These costs have been capitalized and a comparable capital lease liability recorded. In June 2018, the University entered into a sublease agreement for the Drill Hall portion of the Armory, the term of which is coterminous with the Armory lease. The sublease is for the benefit of the U.S. Squash Racquet Association. Rent under the sublease agreement is nominal for the entire lease term.

On January 23, 2012, the University and ACC OP (Chestnut PA), LLC, an affiliate of American Campus Communities (“ACC”), entered a triple net ground lease structure governing the conveyance of the land area located on 3200 Chestnut Street with a base lease term of forty years and three, ten-year option periods. In consideration for the right to develop, own, and operate the proposed project referred to as “Chestnut Square” on the University’s campus, ACC pays the University annual ground rent of \$254,000. Chestnut Square includes 360,000 square feet of residential space, housing approximately 863 students. The facility also includes 36,000 square feet of retail and office space along the Chestnut Street frontage. The structures consist of two eight story low-rise buildings and a nineteen-story high-rise residential tower at the corner of 32nd and Chestnut Streets. A 101,500-square foot parking structure containing 267 spaces is also included for the south side of the existing Creese Student Center. The University bears no cost of the Chestnut Square project. At the end of the lease (40-70 years), the asset reverts to the University.

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On August 30, 2013, the University entered into a land purchase agreement with 3175 JFK Associates, LP and L-A 31, LP, both affiliates of ACC, whereby ACC contributed land, air rights and a subsurface parcel it owned contiguous to Drexel's campus (i.e. 3175 JFK Boulevard) to the University as a gift, without any purchase consideration, but retained the ownership of the "University Crossings" building and improvements erected on this land. The University Crossings property consists of 1.15 acres of land and a 17-story, 452,483 square foot building with 261 units and a total bed capacity of 1,016. As a condition of the land purchase agreement, Drexel and ACC also entered into a ground lease agreement whereby Drexel leased the land back to ACC for no consideration other than reimbursement of property tax that Drexel would be required to pay as the landowner. The term of the lease is forty years with an option to renew for three consecutive ten-year terms. Payments to the University from ACC are recorded as a cost recovery of property taxes. Within five years from the effective date, ACC is required to complete no less than \$22,327,000 in capital improvements. The University's financial statements include a ground lease liability for the sub-parcel and air rights at June 30, 2020, and 2019 of \$9,950,000 and \$10,250,000 respectively. The University recognized \$300,000 of ground lease income related to this agreement during fiscal years 2020 and 2019.

The University entered into ground lease agreement with ACC OP (Lancaster PA), LLC ("ACC Lancaster"), an affiliate of ACC, on August 30, 2013 for property located at 3400 Lancaster Avenue to undertake "The Summit" project on the University's campus. The Summit project features a tiered eight story and five story mid-and low-rise building along Lancaster Avenue which includes 19,120 square feet of ground floor retail that faces Lancaster Avenue and 34th Street, a 23-story residential tower that sits on a one-story student amenity plinth and a one-story dining venue. The initial term of the lease is forty years, with an option to renew for three consecutive ten-year terms. In consideration for the right to develop, own, and operate The Summit, ACC pays the University annual ground rent of \$725,000.

In tandem with the execution of the ground lease agreement, the University entered into a sublease agreement with ACC Lancaster, for the dining facility at The Summit property at 3400 Lancaster Avenue. The sublease calls for annual rent payments of \$741,395 for the first thirty years of the sublease. The sublease is, in all respects, subject to and subordinate to the ground lease between the University and ACC established on August 30, 2013, to develop the 3400 Lancaster Avenue property. The term of the sublease follows the term of the ground lease, commencing September 2015. The initial term is 40 years with three, ten-year renewal options. At the expiration or sooner termination of the ground lease, title shall vest with the University and belong exclusively to the University without any interest on the part of ACC. The sublease provides a rent prepayment option, which allows the full 30 years of rent for the dining facility to be satisfied with an upfront payment of \$9,200,000. The University executed the option in September 2015. The amount is capitalized and amortized over the term of the lease.

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In June 2014, the University entered into ground lease agreements with Wexford 3750 Lancaster Avenue, LLC, Wexford 115 North 38th Street, LLC, Wexford 225 North 38th Street, LLC, and Wexford 3701 Filbert Street, LLC (all to be referred to as “Wexford”) for property located at 3601 Filbert Street. Wexford has prepaid the University \$17,616,000, the full amount of the lease. The prepayment has been recorded as deferred rental income and will be amortized over the 99-year term of the lease. In addition, Drexel is obligated to fund an amount not to exceed \$13,200,000 for the development of the property.

On December 17, 2014, the University entered into a ground lease agreement with Study Philadelphia Holding, LLC (“SPHLLC”) to build an upscale hotel, “The Study”, on University property located at 3301 Chestnut Street and 20-40 South 33rd Street. The hotel features a ground floor restaurant and retail space, a conference center, approximately 212 hotel rooms, and accessory hotel amenities, with a main entrance on 33rd Street. The hotel includes a ten-story building, totaling 145,000 square feet of space. The base term of the lease is fifty years with two, ten-year renewal options. The annual rent commencement date is December 17, 2016 i.e. twenty-four months from the date of the lease. Upon the expiration of the lease, the leased premises will become the property of the University. The University recognized \$154,000 of ground lease income related to this agreement during fiscal years 2020 and 2019.

On October 2, 2015, the University entered into a ground lease agreement with RPG 32 Race, LP (“RPG”) for University property located at 3201 Race Street. RPG intends to lease the property and develop a 178,00-square foot multi-storied, mixed-use facility, consisting of 164 “Class A” rental apartment units, 13,800 square foot childcare center, ancillary amenities and improvements including a café and rooftop sundeck, 27 on-site parking spaces, accommodation for customer curbside drop-off for use in connection with the childcare center. Nobel Learning Communities, Inc. is the approved childcare operator. The annual rent commencement date is September 13, 2018 defined as twelve months following the substantial completion of the project. The initial term of the lease is seventy-five years with the option to extend the lease for one additional term of twenty-four years. The University recognized ground lease income of \$215,000 related to this agreement during fiscal years 2020 and 2019.

Schuylkill Yards

On May 9, 2016, the University entered into a master development agreement (the “Development Agreement”) with Brandywine Realty Trust (“BRT”), the sole general partner of Brandywine Operating Partnership, LP. As the master developer, BRT is provided certain rights and obligations, for a multi-phase, multi-component development on approximately 10.11 acres of University owned land (the “Drexel Site”) adjacent to the University’s main campus in the University City section of Philadelphia. The project’s master planned area includes the Drexel Site and up to four additional adjacent acres owned separately by the University and BRT, to be branded as “Schuylkill Yards.”

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Schuylkill Yards is contemplated to be developed in six phases over approximately 20 years, excluding extension options, and will consist of approximately 5.0 million square feet of floor area ratio (FAR) of commercial, office, educational, research, residential, and related facilities, as well as accessory green space uses. Approximately 50% of the total FAR value will consist of office, educational and research space, and the balance in residential, retail, hospitality and parking uses.

BRT intends to fund costs to develop each phase of Schuylkill Yards through a combination of cash on hand, capital raised through one or more joint venture formations, proceeds from the sale of other assets or debt financing, including project-specific leasehold mortgage financing. Terms of the Development Agreement were determined through arm's-length negotiation between the University and BRT.

On October 13, 2017, the University completed the initial conveyance for the Schuylkill Yards project involving the transfer of 3001 and 3025 Market Street to BRT. The total fair value of these properties included in the endowment was \$52,000,000. BRT commenced the construction of a large public realm area on the 3001 Market Street parking lot with completion in the second quarter of fiscal year 2019. The surface rights for 3001 Market Street were conveyed through a ground lease in consideration for \$100, as the University agreed to provide the land for a park to define and significantly enhance the value of the entire project. The 3025 Market Street parcel was conveyed through a 99-year prepaid ground lease combined with the conveyance of the vertical improvements and the subterranean rights of 3001 Market Street for \$35,000,000 resulting in a loss of \$17,000,000. The proceeds from both parcels were invested in the University's endowment portfolio replacing the real estate values for the 3001 and 3025 Market Street parcels. In addition to the conveyance transactions BRT provided \$370,000 for access to the property management staff at Academic Proprieties Inc., a Drexel subsidiary, to assist with the repositioning and re-tenanting of the 3025 Market Street property.

On March 22, 2018, the University completed the conveyance of the second parcel for the Schuylkill Yards project, 3001-3003 John F. Kennedy Boulevard to BRT. The 3001-3003 John F. Kennedy Boulevard parcel was conveyed through a 99-year prepaid ground lease for \$24,640,000 resulting in a gain of \$16,440,000. The proceeds were invested in the University's endowment portfolio replacing the real estate values for the 3001-3003 John F. Kennedy Boulevard.

On June 29, 2018, the University completed the conveyance of the third parcel for the Schuylkill Yards project, 3025 John F. Kennedy Boulevard to BRT. The 3025 John F. Kennedy Boulevard parcel was conveyed through a 99-year prepaid ground lease for \$20,545,000 resulting in a gain of \$13,945,000. The proceeds were received on July 2, 2018 and invested in the University's endowment portfolio replacing the real estate values for the 3025 John F. Kennedy Boulevard.

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10. Retirement Plans

Defined Benefit and Defined Contribution Plans

The University established the Drexel University Defined Contribution Retirement Plan (“DU DC”) effective April 1, 1972. Drexel University is the DU DC administrator. The trustees of the DU DC are Teachers Insurance and Annuity Association - College Retirement Equities Fund, as agent for JP Morgan Chase Bank, N.A. (“TIAA-CREF”), Vanguard Fiduciary Trust Company (“Vanguard”) and Fidelity Management Trust Company (“Fidelity”).

The DU DC is subject to the provisions of the Employee Retirement Income Security Act of 1974. The Institution’s Investment Committee determines the appropriateness of the plan’s investment offerings, monitors investment performance, and reports to the Institution’s Board, who is responsible for the oversight of the Plan.

All eligible employees, defined as a full-time staff or faculty member, or a part-time employee who earns 1,000 hours of service or more during the 12-consecutive calendar month period beginning with his or her date of hire, can contribute their own deferrals on a pre-tax basis. Effective, January 1, 2015, all full-time faculty and professional staff who do not enroll in the DU DC within 31 days of their date of hire will be automatically enrolled at a rate of two percent (2%) to the default vendor, TIAA-CREF, with the next available payroll. Contribution changes, including stopping participation can be done at any time. Provided that an eligible employee contributes at least one percent (1%) of compensation, the University contributes a “Basic Contribution” to the DU DC equal to three percent (3%) for an eligible employee under the age of 50, and five percent (5%) for those 50 or older. The University contributes matching contributions to DU DC that are equal to one hundred percent (100%) of an eligible employee’s contributions up to six percent (6%). All basic and matching contributions are subject to certain Internal Revenue Code limitations.

The University also participates in a contributory retirement plan which provides benefits for certain union employees. The policy is to fund pension costs accrued for these plans. Total retirement plan expense for all plans was \$40,288,000 and \$42,680,000 in 2020 and 2019, respectively.

ANS also maintains a defined benefit pension plan. This plan was frozen by the ANS Board of Trustees effective December 31, 2009, prior to the affiliation agreement with Drexel University on September 30, 2011.

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The assumptions for the pension liabilities, the accumulated benefit obligation, change in projected benefit obligation, and change in plan assets are as follows:

| <i>(in thousands)</i> | 2020 | 2019 |
|---|-------------|-------------|
| Weighted average assumptions as of June 30 | | |
| Discount rate | 2.90 % | 3.60 % |
| Expected return on plan assets | 6.25 % | 6.25 % |
| Accumulated benefit obligation | | |
| Accumulated benefit obligation at June 30 | \$ 21,966 | \$ 21,096 |
| Change projected in benefit obligation | | |
| Net benefit obligation at June 30 | \$ 21,096 | \$ 19,650 |
| Service costs | 240 | 230 |
| Interest costs | 739 | 822 |
| Actuarial (gain)/loss | 1,208 | 1,589 |
| Gross benefits paid | (1,317) | (1,195) |
| Net benefit obligation at June 30 | \$ 21,966 | \$ 21,096 |
| | | |
| <i>(in thousands)</i> | 2020 | 2019 |
| Change in plan assets | | |
| Fair value of plan assets, at beginning of year | \$ 11,379 | \$ 10,670 |
| Actual return on plan assets | 116 | 621 |
| Employer contributions | 1,396 | 1,283 |
| Gross benefits paid | (1,317) | (1,195) |
| Fair value of plan assets, at June 30 | \$ 11,574 | \$ 11,379 |
| | | |
| Fair value of plan assets, at June 30 | \$ 11,574 | \$ 11,379 |
| Benefit obligation | 21,966 | 21,096 |
| Net amount recognized, at June 30* | \$ (10,392) | \$ (9,717) |

* These amounts are recognized in the financial statements including the Consolidated Statements of Financial Position in the "Accrued retirement obligations" financial statement line item.

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The components of net periodic benefit cost are noted below:

| <i>(in thousands)</i> | 2020 | 2019 |
|--|-------------|-------------|
| Weighted average assumptions used to determine net periodic benefit costs | | |
| Discount rate | 3.60 % | 4.30 % |
| Expected return on plan assets | 6.25 % | 6.25 % |
| Components of net periodic benefit costs | | |
| Service costs | \$ 240 | \$ 230 |
| Interest costs | 739 | 822 |
| Expected return on assets | (728) | (666) |
| Amortization of actuarial loss | 1,820 | 1,633 |
| Net periodic benefit cost | \$ 2,071 | \$ 2,019 |

As of June 30, 2020, and 2019, the pension plan had a projected benefit obligation and an accumulated benefit obligation in excess of plan assets. Both the projected and accumulated benefit obligations were \$21,966,000 and \$21,096,000 at June 30, 2020 and 2019, respectively. The fair value of the plan assets was \$11,574,000 and \$11,379,000 as of June 30, 2020 and 2019, respectively.

Information about the expected cash flows for the pension plan is as follows:

| Expected benefit payments | |
|----------------------------------|-------|
| <i>(in thousands)</i> | |
| June 30, | |
| 2020 | 1,187 |
| 2021 | 1,282 |
| 2022 | 1,295 |
| 2023 | 1,308 |
| 2024 | 1,330 |
| 2025-2029 | 6,509 |

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Plan Assets

The ANS pension plan weighted-average asset allocations at June 30, 2020 and 2019 by asset category are as follows:

| | 2020 | 2019 |
|--|----------------|----------------|
| Asset category | | |
| Equity securities | 46.1 % | 46.2 % |
| Fixed income securities | 30.6 % | 28.6 % |
| Hedge fund and alternative investments | 21.8 % | 22.0 % |
| Cash | 1.5 % | 3.2 % |
| | 100.0 % | 100.0 % |

The ANS investment policy and strategy is to shift investments to the target allocation to control the volatility of investment returns for the portfolio. As the investment horizon is expected to be long-term, the portfolio needs to provide long-term capital growth while also being protected from incurring major losses due to the poor performance of one sector of the market and must be invested to reduce the overall investment risk and volatility of investment returns.

The target composition of the plans assets is characterized as a 34%, 37%, 27%, and 2% allocation between equity, fixed income investments, alternative investments, and cash. The strategy currently utilizes indexed equity funds and fixed income funds, and several alternative investment vehicles. The alternative investments are allocated among various classes, including but not limited to equities, hedge funds, fixed income, natural resources, and real estate. The strategy allows to invest in a diversified manner with a mix of assets that are set not to be highly correlated. The expected rate of return on assets was based on the current interest rate environment and historical market premiums of equity and other asset classes relative to fixed income rates.

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The following tables present the plan assets at fair value as of June 30, 2020, and 2019 according to the valuation hierarchy (Note 6):

| <i>(in thousands)</i> | 2020 | | | | |
|------------------------------|-----------------|-------------|-------------|-----------------------|------------------|
| | Level 1 | Level 2 | Level 3 | Investments at NAV | Total |
| Assets, at fair value | | | | | |
| Cash equivalents | \$ 175 | \$ - | \$ - | \$ - | \$ 175 |
| Mutual funds | 9,149 | - | - | - | 9,149 |
| Alternative investments | - | - | - | 2,250 | 2,250 |
| | <u>\$ 9,324</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,250</u> | <u>\$ 11,574</u> |

| <i>(in thousands)</i> | 2019 | | | | |
|------------------------------|-----------------|-------------|-------------|-----------------------|------------------|
| | Level 1 | Level 2 | Level 3 | Investments at NAV | Total |
| Assets, at fair value | | | | | |
| Cash equivalents | \$ 364 | \$ - | \$ - | \$ - | \$ 364 |
| Mutual funds | 8,847 | - | - | - | 8,847 |
| Alternative investments | - | - | - | 2,168 | 2,168 |
| | <u>\$ 9,211</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,168</u> | <u>\$ 11,379</u> |

11. Other Post-Retirement Benefits

In addition to retirement plan benefits, the University also provides post-retirement benefits to retirees in the form of group life insurance, major medical insurance and tuition remission. All eligible faculty and professional staff members who have completed ten (10) years of full-time consecutive service with the University and are age 55 or older, if hired before September 1, 2013, or who have completed fifteen years of full-time consecutive service with the University and are age 60 or older if hired on or after September 1, 2013, excluding any professional staff member who is affiliated with a collective bargaining unit. Full-time consecutive service (10 or 15 years) is strictly services with Drexel University and does not include any subsidiaries.

The University shares the cost of coverage for medical plan options under this Plan with eligible retirees who retired prior to July 1, 2017. Retirees must pay the difference between the monthly cost for the health plan in which they are enrolled and the University's retiree allowance. For eligible retirees who retired from employment prior to September 1, 2014, the retiree allowance is \$400 per month for an eligible retiree and up to an additional \$400 per month for his or her spouse or same-sex domestic partner. For eligible retirees who retire from employment on or after September 1, 2014 but before July 1, 2017, the retiree allowance is \$300 per month for an eligible retiree and up to an additional \$300 per month for his or her spouse or same-sex domestic partner. The University reserves the

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right to change the level of the retiree allowance at any time. For eligible retirees who retire from employment after July 1, 2017, there is no retiree allowance and eligible retirees must pay the entire cost of medical coverage under this Plan. The retirees have a choice of various providers. The post-retirement health care plan is contributory, and the life insurance plan is noncontributory.

The net periodic post-retirement benefit costs and related funded status as of June 30 are shown below. Adjustments to the unfunded status amounted to \$1,074,000 and (\$800,000) respectively, for the years ended 2020 and 2019 and are reflected in the Consolidated Statements of Activities and included in Accrued retirement obligations in the Consolidated Statements of Financial Position.

The following tables provide information with respect to the other post-retirement plans for the years ended June 30:

Plans Funded Status

| <i>(in thousands)</i> | 2020 | 2019 |
|--|-------------|-------------|
| Change in benefit obligation | | |
| Benefit obligation, beginning of year | \$ 36,230 | \$ 39,588 |
| Service cost | 316 | 300 |
| Interest cost | 1,141 | 1,442 |
| Actuarial (gain) | 396 | (1,535) |
| Plan participant contributions | 784 | 582 |
| Actual benefits paid | (4,988) | (4,147) |
| Benefit obligation, end of year | 33,879 | 36,230 |
| Change in plan assets | | |
| Fair value of plan assets, beginning of year | - | - |
| Employer contributions | 4,204 | 3,565 |
| Plan participant contributions | 784 | 582 |
| Actual benefits paid | (4,988) | (4,147) |
| Fair value of plan assets, end of year | - | - |
| Unfunded status of the plan* | \$ 33,879 | \$ 36,230 |

* These amounts are recognized in the financial statements including the Consolidated Statements of Financial Position in the Accrued retirement obligations financial statement line item.

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Weighted average assumptions to determine benefit obligations and net cost as of June 30

| | | |
|---|-------|-------|
| Discount rate - benefit obligations | 2.51% | 3.39% |
| Discount rate - benefit cost | 3.39% | 4.22% |
| Ultimate retiree health care cost trend | 4.50% | 4.50% |
| Year ultimate trend rate is achieved | 2028 | 2027 |

For measurement purposes, a 7.0% and an 6.25% annual rate of increase in the per capita cost of covered health care benefits for those over 65 and under 65, respectively, was assumed for 2020 grading down to ultimate rates of 4.5% in the year 2028 and thereafter.

Net Periodic Benefit Cost

| <i>(in thousands)</i> | 2020 | 2019 |
|---|-------------------|-------------------|
| Components of net periodic benefit cost | | |
| Service cost | \$ 316 | \$ 300 |
| Interest cost | 1,141 | 1,442 |
| Amortization of: | | |
| Prior service credit | (1,536) | (1,536) |
| Net loss | 858 | 801 |
| Net periodic benefit cost | \$ 779 | \$ 1,007 |
| Other changes recognized in net assets without restrictions | | |
| Net actuarial gain | \$ 396 | \$ (1,535) |
| Amortization of: | | |
| Prior service cost | 1,536 | 1,536 |
| Net (gain) | (858) | (801) |
| Total recognized in net assets without restrictions | \$ 1,074 | \$ (800) |
| Amounts not yet reflected in net periodic benefit cost and included in net assets without restrictions | | |
| Prior service credit | \$ (16,711) | \$ (18,247) |
| Actuarial loss | 15,022 | 15,484 |
| Amounts in unrestricted net assets, end of year | \$ (1,689) | \$ (2,763) |
| Amounts in net assets without restrictions expected to be recognized in net periodic benefit cost | | |
| Prior service credit | \$ (1,536) | |
| Actuarial loss | \$ 910 | |

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For the fiscal years ended June 30, 2020 and 2019, the effect of a 1% change in the health care cost trend rate is as follows:

| <i>(in thousands)</i> | 2020 | | 2019 | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| Effect on net periodic benefit cost | \$ 53 | \$ \$ (47) | \$ 53 | \$ (47) |
| Effect on postretirement benefit obligation | 370 | (334) | 297 | (272) |

Contributions

Expected contributions for the 2020 fiscal year are \$3,099,000.

Estimated future benefit payments

The following benefit payments (net of retiree contributions), which reflect the effects of the Medicare Act and expected future service, as appropriate, are expected to be paid in:

| <i>(in thousands)</i> | |
|-----------------------|--------|
| June 30, | |
| 2020 | 3,099 |
| 2021 | 2,990 |
| 2022 | 2,868 |
| 2023 | 2,763 |
| 2024 | 2,621 |
| Thereafter | 11,556 |

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12. Bonds and Notes Payable

Bonds and notes payable at June 30, 2020 and 2019 are as follows:

| <i>(in thousands)</i> | Project | Final Maturity | Effective Interest Rate at June 30, 2020 | 2020 | 2019 |
|---|------------------------------------|-------------------|---|------------|------------|
| Fixed rate debt obligations | | | | | |
| Drexel University | | | | | |
| Series A of 2011 | Capital improvements and equipment | 2014-2041 | 2.00-5.25% | 7,025 | 7,375 |
| Series of 2012 | Refunding | 2014-2032 | 1.00-5.00% | 9,775 | 11,280 |
| Series of 2016 | Refunding | 2022-2037 | 2.00-5.00% | 117,130 | 117,130 |
| Series of 2017 | Refunding | 2018-2041 | 2.00-5.00% | 114,415 | 116,150 |
| 11th Street Family Health Services Inc. | | | | | |
| The Reinvestment Fund, Inc. | New Market Tax Credit Program | 2043 | 1.297% | 2,717 | 2,717 |
| The Reinvestment Fund, Inc. | New Market Tax Credit Program | 2043 | 1.297% | 6,783 | 6,783 |
| 3509 Spring Garden, LP | | | | | |
| Philadelphia Industrial Development Corporation | New Market Tax Credit Program | 2044 | 1.517% | 1,964 | 1,964 |
| Philadelphia Industrial Development Corporation | New Market Tax Credit Program | 2044 | 1.517% | 4,826 | 4,826 |
| U.S. Bank Corp Community Development Entity | New Market Tax Credit Program | 2044 | 1.00% | 1,045 | 1,045 |
| U.S. Bank Corp Community Development Entity | New Market Tax Credit Program | 2044 | 1.00% | 2,205 | 2,205 |
| Variable rate debt obligations | | | | | |
| Drexel University | | | | | |
| Second Series of 2000 | Capital improvements and equipment | 2019-2026 | Variable | 18,210 | 19,510 |
| Series B of 2002 | Capital improvements and equipment | 2015-2032 | Variable | 39,990 | 40,340 |
| Series B of 2005 | Advance refunding | 2019-2030 | Variable | 26,650 | 28,150 |
| Series B of 2007 | Capital improvements and equipment | 2014-2037 | Variable | 22,440 | 23,295 |
| Total outstanding bonds and notes payable | | | | 375,175 | 382,770 |
| Line of Credit and other notes payable | | | | 128,150 | 30,000 |
| Unamortized original issue premiums/discounts and cost of issuance, net | | | | 31,077 | 32,757 |
| Total bonds and notes payable | | | | \$ 534,402 | \$ 445,527 |

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The documents pursuant to which the Pennsylvania Higher Educational Facilities Authority (“PHEFA”) Revenue Bonds are issued contain restrictive financial covenants which, among other things, require the University to fix, charge and collect tuition, rates, fees and other charges which will provide net revenues, together with other funds of the University available to pay debt service on such Revenue Bonds, in each fiscal year in an amount at least equal to the debt service requirements on such Revenue Bonds and other long-term indebtedness in such fiscal year. An event of default under the Revenue Bonds will only occur if the University fails to meet the foregoing covenant for two consecutive fiscal years and fails to comply with recommendations provided by a consultant, and so long as the University does not fail to pay debt service when due on the Revenue Bonds. At June 30, 2019, the University failed to meet the foregoing financial covenant, which was not an event of default under the PHEFA loan documents. The University was in compliance with these financial covenants at June 30, 2020.

The University has Reimbursement, Credit and Security Agreements with several banks in regards to letters of credit supporting the variable rate debt. Those agreements contain certain restrictive financial covenants which, among other things, require the University to maintain expendable resources of at least 50% of outstanding long-term debt and to maintain a minimum debt service ratio of not less than 1.1:1 for the fiscal year. As of June 30, 2019, the University was in a violation of debt service coverage ratio covenant, but such violation was waived by the applicable banks. The University was in compliance with these financial covenant requirements at June 30, 2020.

The variable rates of interest on the PHEFA Revenue Bonds are based on the weekly rate determined by the remarketing or auction agent, not to exceed 16% per annum.

In December 2017, the University issued PHEFA, Drexel University Revenue Refunding Bonds, Series of 2017 in the amount of \$117,800,000. The primary purpose of this issue was the refunding of most of the outstanding Series of 2011A bonds. The 2017 bonds will be maturing between May 1, 2018 and May 1, 2041. The bonds were issued on a parity basis with the University’s other outstanding Authority bonds and on a parity basis with the interest rate swap agreement in connection with the Series of 2005B bonds.

The Second Series of 2000, Series B of 2002, Series B of 2005, Series B of 2007, 2011, 2012, 2016 and 2017 bonds are secured by a security interest in unrestricted gross revenues.

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Debt maturities for the fiscal years ending are as follows:

| <i>(in thousands)</i> | Maturities | Remarketed Debt | Total Debt |
|-----------------------|-------------------|----------------------------|-------------------|
| 2021 | 8,253 | 5,730 | 13,983 |
| 2022 | 9,823 | 4,720 | 14,543 |
| 2023 | 8,658 | 7,190 | 15,848 |
| 2024 | 9,618 | 8,660 | 18,278 |
| 2025 | 9,998 | 9,025 | 19,023 |
| Thereafter | 255,182 | 71,965 | 327,147 |
| | <u>301,532</u> | <u>107,290</u> | <u>\$ 408,822</u> |
| Cost of issuance | | | (2,570) |
| | | | <u>406,252</u> |

The Second Series of 2000 and Series B of 2002, Series B of 2005 and Series B of 2007 bonds have remarketing terms and related standby letters of credit which could change the maturity dates. These issues have been included in the above table based on the current terms of the loans. If the remarketing efforts were to fail, the maturities would reflect the terms of the letters of credit as follows:

| <i>(in thousands)</i> | Remarketed Debt |
|-----------------------|----------------------------|
| June 30, | |
| 2021 | 42,394 |
| 2022 | 24,951 |
| 2023 | 24,954 |
| 2024 | 6,663 |
| 2025 | 6,662 |
| Thereafter | 1,666 |
| | <u>\$ 107,290</u> |

Lines of Credit

The University closed a line of credit which was a term note for a total of \$3,500,000 for equipment purchases that accrued interest based on Libor plus 1.25%. There were no amounts outstanding at June 30, 2019.

Total unsecured Revolving Credit Facilities (“Facilities”) of \$55,000,000 and \$15,000,000 matures on December 31, 2020, and accrues interest based on Intercontinental Exchange Benchmark Administration “ICE” (subject to a floor of 0.75% on the \$55,000,000) for the University. It can be extended annually based upon the agreement of the University and the bank maintaining the Facilities. At June 30, 2020, the interest rate was .75% and .17% respectively. The amounts outstanding were \$70,000,000 and \$30,000,000 at June 30, 2020 and 2019, respectively.

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The University opened a \$30,000,000 line of credit in December 2019 to provide support and working capital for a joint venture. The line of credit matures on December 31, 2021. Interest accrues based upon 30-day LIBOR plus 50 basis points. At June 30, 2020 the interest rate was .67% and the amount outstanding was \$30,000,000.

13. Net Assets

Net assets included the following:

| <i>(in thousands)</i> | 2020 | 2019 |
|---|--------------|--------------|
| Without donor restrictions: | | |
| Operating | \$ (425,000) | \$ (364,065) |
| Physical plant | 712,968 | 677,236 |
| Quasi-endowment funds | 270,457 | 277,042 |
| Total net assets without donor restrictions | 558,426 | 590,213 |
| With donor restrictions: | | |
| <i>Temporarily Restricted</i> | | |
| Funds for programs and capital expenditures | 124,187 | 106,210 |
| Funds for endowments | 155,980 | 169,611 |
| Life income annuities | 1,211 | 1,587 |
| Beneficial interests in trusts | 4,873 | 4,858 |
| <i>Permanently Restricted</i> | | |
| Funds for endowments | 375,217 | 367,631 |
| Life income annuities | 1,442 | 2,397 |
| Beneficial interests in trusts | 34,189 | 34,978 |
| Student loans and others | 7,850 | 7,607 |
| Total net assets with donor restrictions | 704,950 | 694,879 |
| Total net assets | \$ 1,263,375 | \$ 1,285,092 |

14. Revenue Recognition

The University adopted *Revenue from Contracts with Customers (Topic 606)* effective July 1, 2018 using the retrospective transition method. The University assessed the various contractual arrangements for material revenue streams, the impact to internal processes, the control environment, and disclosures, and determined that the adoption would not result in a material change to the timing of revenue recognition. For all revenue streams, the impact of the adoption was immaterial and the impact of applying the standard retrospectively had no impact on total revenues or total changes in net assets.

In assessing collectability, the University elects the portfolio approach as a practical expedient to combine customers with similar characteristics. The University determines that the effect of applying a portfolio approach to a group of contracts will not differ materially from considering each contract separately.

For the University's revenue streams, the performance obligations are within contracts with durations of one year or less. Therefore, the optional exemption to not disclose remaining performance obligations was applied.

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Tuition and fees, room and board

Tuition and related fees are recognized as revenue over time during the academic period in which the related academic services are rendered. The University records tuition revenue at the standalone selling price, which most often reflects the published rates, less price concessions related to institutional financial discounts provided by the University. Payment is due in full by the student before the commencement of the semester or term.

As the performance obligations are met (i.e. classes are instructed), revenue is recognized ratably based upon the allocated transaction price. Ratable recognition depicts the transfer of services as the student obtains the benefit of services throughout the semester or term.

The following table disaggregates tuition and fees, room and board revenue by major portfolios for the years ended June 30, 2020, and 2019:

(in thousands)

| | 2020 | | | |
|----------------------------------|------------------|----------------|-----------------------------|------------|
| | Tuition and Fees | Room and Board | Institutional Financial Aid | Total |
| Undergraduate | \$ 688,197 | \$ 41,600 | \$ (316,505) | \$ 413,293 |
| Graduate | 270,168 | 2,045 | (39,043) | 233,170 |
| Tuition and fees, room and board | \$ 958,365 | \$ 43,646 | \$ (355,548) | \$ 646,463 |

(in thousands)

| | 2019 | | | |
|----------------------------------|------------------|----------------|-----------------------------|------------|
| | Tuition and Fees | Room and Board | Institutional Financial Aid | Total |
| Undergraduate | \$ 685,548 | \$ 57,155 | \$ (308,947) | \$ 433,756 |
| Graduate | 265,358 | 2,183 | (35,533) | 232,008 |
| Tuition and fees, room and board | \$ 950,906 | \$ 59,338 | \$ (344,480) | \$ 665,764 |

Physician Services

Net patient care activity revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including retroactive adjustments under reimbursement agreements with third-party payors. Performance obligations are met as Physician Services are administered to patients. The transaction price is allocated to separate performance obligations based upon the relative standalone selling price.

In assessing collectability, the University elected the portfolio approach and grouped into portfolios based on services provided (practice plans). The portfolios elected consist of patients with similar characteristics in payment behavior. The following table disaggregates the Physician Services' revenue by major portfolios with similar characteristics for the years ended June 30, 2020 and 2019 respectively:

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Notes to Consolidated Financial Statements
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| <i>(in thousands)</i> | 2020 | | 2019 | |
|--------------------------|-------------|-------|-------------|-------|
| Medicine | \$ | 194 | \$ | 260 |
| Nursing and Other | | 3,477 | | 3,153 |
| Psychiatry | | 266 | | 388 |
| Total physician services | \$ | 3,938 | \$ | 3,801 |

Grants and Contracts

The University receives grant and contract revenue from governmental and private sources, which are considered non-exchange revenue transactions. The University generally recognizes revenue associated with the direct and the applicable indirect costs of sponsored programs as the related costs are incurred in accordance with the related cost principles outlined in the grant agreement. The University negotiates its federal indirect rate with its cognizant federal agency.

The following table disaggregates grants and contracts revenue for the years ended June 30, 2020, and 2019:

| <i>(in thousands)</i> | 2020 | | |
|----------------------------------|-----------------------------------|--------------------------------|--------------|
| | Without donor restrictions | With donor restrictions | Total |
| Government grants and contracts: | | | |
| Federal | 94,989 | 429 | 95,418 |
| State | 5,464 | 1,302 | 6,766 |
| Local | 567 | 132 | 699 |
| Private grants and contracts | 8,879 | 26,167 | 35,046 |
| Total grants and contracts | 109,899 | 28,030 | 137,929 |

| <i>(in thousands)</i> | 2019 | | |
|----------------------------------|-----------------------------------|--------------------------------|--------------|
| | Without donor restrictions | With donor restrictions | Total |
| Government grants and contracts: | | | |
| Federal | \$ 96,738 | \$ 1,408 | \$ 98,146 |
| State | 4,260 | 199 | 4,459 |
| Local | 433 | 186 | 619 |
| Private grants and contracts | 10,363 | 12,216 | 22,579 |
| Total grants and contracts | \$ 111,794 | \$ 14,009 | \$ 125,803 |

As of June 30, 2020, and 2019, the University has outstanding unrecorded conditional grants receivable of \$116,484,000 and \$115,547,000. Revenue for these conditional grants will be recognized in future periods when the related barriers are overcome when the conditions have been substantially met.

Drexel University and Subsidiaries
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15. Functional and Natural Classification of Expenses

Expenses are presented by functional classification in accordance with the overall service mission of the University. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation and interest expenses are allocated based on the square footage occupancy. Plant operations and maintenance represent space related costs which are allocated to the functional categories directly and/or based on the square footage occupancy. Expenses reported as auxiliary enterprises, library, and student services are incurred in support of program services.

Expenses by functional classification for the year ended June 30, 2020 consist of the following:

(in thousands)

| | 2020 | | | |
|-------------------------------|-------------------------|-------------------------------|--------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total |
| Salaries and wages | \$ 396,191 | \$ 57,981 | \$ 9,845 | \$ 464,017 |
| Employee benefits | 102,995 | 15,217 | 2,611 | 120,823 |
| Depreciation and amortization | 53,703 | 5,996 | 14 | 59,713 |
| Interest | 12,250 | 1,316 | - | 13,566 |
| Other operating expenses | 224,789 | 62,543 | 3,761 | 291,093 |
| Total expenses | \$ 789,928 | \$ 143,053 | \$ 16,231 | \$ 949,212 |

Expenses by functional classification for the year ended June 30, 2019 consist of the following:

(in thousands)

| | 2019 | | | |
|-------------------------------|-------------------------|-------------------------------|--------------------|---------------------|
| | Program Services | Management and General | Fundraising | Total |
| Salaries and wages | \$ 433,563 | \$ 54,400 | \$ 9,682 | \$ 497,645 |
| Employee benefits | 112,454 | 14,115 | 2,507 | 129,076 |
| Depreciation and amortization | 45,427 | 4,956 | 13 | 50,396 |
| Interest | 13,888 | 1,514 | - | 15,402 |
| Other operating expenses | 320,622 | 48,401 | 4,791 | 373,814 |
| Total expenses | \$ 925,954 | \$ 123,386 | \$ 16,993 | \$ 1,066,333 |

16. Professional Liability Insurance

Starting July 1, 2014, Drexel established a Self-Insurance Trust (“SIT”) to provide primary coverage for known claims medical professional liability coverage. The SIT provides primary coverage of \$500,000 for physicians and midwives and up to \$1,000,000 for other health professions and entity coverage. Physicians and midwives also participate in the Pennsylvania Medical Care Availability and Reduction of Error Fund (“Mcare”) that covers from \$500,000 to \$1,000,000. In addition, Drexel self-insures a layer of excess of up to \$2,000,000 above the Mcare Fund.

The Dragon Risk Limited, Co. provides excess coverage above the self-insured layer of an additional \$17,000,000.

Drexel University and Subsidiaries

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For self-insured retention amounts for both reported claims and claims incurred but not reported at June 30, 2020 and 2019, the University and its subsidiaries recorded gross combined reserves of \$35,306,000 and \$46,719,000, respectively and related recoveries from third party insurers of \$10,560,000 and \$12,213,000 at June 30, 2020 and 2019, respectively. For fiscal years 2020 and 2019, the reserves were discounted at 2% for the layers retained by the University and excess carriers. Such reserves and reinsurance recoveries are included in accrued expenses and grants, contracts and other receivables, respectively, in the accompanying 2020 and 2019 Consolidated Statements of Financial Position. Under the self-insurance program, the University is required by the Commonwealth of Pennsylvania to maintain a malpractice trust fund. At June 30, 2020 and 2019, self-insurance escrow funds and malpractice insurance trust consisting of mutual funds and fixed income securities amounted to \$42,063,000 and \$57,412,000, respectively, were available to fund incurred but not reported liabilities.

17. Commitments and Contingencies

Healthcare Legislation and Regulation

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements and reimbursement for patient services. Federal government activity has continued with respect to investigations and allegations concerning possible violation of billing regulations by healthcare providers. Violations of these regulations could result in the imposition of significant fines and penalties and have a significant effect on reported activities or cash flow.

The University believes it is in compliance with applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Litigation

There is a pending litigation between SodexoMAGIC and the University in relation to the former food services agreement. There is also pending litigation between United Educators' Insurance and the University for breach of contract in relation to the general liability coverage for medical professionals.

The nature of the educational and healthcare industries is such that, from time to time, claims will be presented on account of alleged negligence, acts of discrimination, medical malpractice, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational and healthcare services at a large institution. In the opinion of the University, after consultation with legal counsel, the ultimate disposition of these matters will not have a materially adverse effect on the financial condition or results of operations.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Other Commitments and Contingencies

The University maintains a letter of credit in the amount of \$225,000, as required by the Department of Environmental Protection, in connection with the disposal of nuclear medical waste and is renewed annually. There were no amounts outstanding as of June 30, 2020 and 2019.

The University maintains three letters of credit totaling \$4,144,000 associated with workers' compensation insurance. The agreements are renewable annually. There were no amounts outstanding as of June 30, 2020 and 2019.

The University has the following letters of credit for bonds having remarketing terms:

- The Second Series of 2000 bond has a letter of credit in an amount not to exceed \$22,500,000, plus required interest coverage, which will expire June 1, 2021.
- The Series B of 2002 bond has a letter of credit in an amount not to exceed \$42,140,000, plus required interest coverage, which will expire June 1, 2021.
- The Series B of 2005 bond has a letter of credit in an amount not to exceed \$30,047,055 which will expire September 30, 2024.
- The Series B of 2007 bond has a letter of credit in an amount not to exceed \$29,879,704, plus required accrued interest, which will expire October 1, 2020.

There were no amounts outstanding on these bond-related letters of credit as of June 30, 2020 and 2019.

The University also maintains a letter of credit in an amount not to exceed \$287,253 as required by the U.S. Department of Education in connection with Federal student loans. It will expire on May 1, 2021 and is automatically renewed annually unless notified by the University of an election not to renew. There was no amount outstanding as of June 30, 2020.

Business Income Taxes

As referenced in Note 1 - Income Taxes, the University is a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. The University and its non-profit affiliates are not subject to taxation for activities and income related to its exempt purpose. Unrelated business income (UBI) is defined by the Internal Revenue Service (IRS) as income generated in a trade or business that is regularly carried on and is not substantially related to further the exempt purpose of the organization. The University is subject to federal UBI tax related to the net income generated from consulting, conference services and investment income held in the endowment fund for which the investment manager has reported unrelated business income on an IRS Schedule K-1 for which it files an IRS Form 990-T, *Exempt Organization Business Tax Return*, annually. The University makes quarterly estimated tax payments to the IRS and submits any additional tax payment with the final submission of its return in the subsequent fiscal year.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

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The University is also subject to the City of Philadelphia Business Income and Receipts Tax. The University files an annual Business Income and Receipts Tax return and submits estimated tax payments for the subsequent fiscal year at the time of filing its return to the City of Philadelphia.

The Tax Cuts and Jobs Act (the “Act”) enacted on December 22, 2017, impacted the University in several ways, including new excise taxes on executive compensation and net investment income, increases to unrelated business taxable income (UBTI) by the amount of certain fringe benefits for which a deduction is not allowed, changes to the net operating loss rules, repeal of the alternative minimum tax (AMT), and the computation of UBTI separately for each unrelated trade or business. Further, the Act reduced the US federal corporate tax rate and federal corporate unrelated business income tax rate from 35% to 21%.

For the fiscal years ended June 30, 2020 and 2019, the University recorded (\$405,000) and \$1,125,000 as income tax expenses and assigned a functional expense category of institutional support for these expenditures. The University recorded a refund of \$678,000 and \$201,000 against fiscal year 2020 income tax expenses due to repeal of IRC section 512(a)(7) called “parking tax” or QTF related to fiscal years ended June 30, 2018 and 2017.

18. Related Party Transactions

Tenet Healthcare Corporation and American Academic Health System

On September 1, 2017, Tenet Healthcare Corporation (“Tenet”) announced that they had signed a definitive agreement to sell its two Philadelphia medical centers — Hahnemann University Hospital, St. Christopher’s Hospital for Children — to American Academic Health System (“AAHS”), a newly formed affiliate of Paladin Healthcare. On January 11, 2018, all operating agreements under Tenet Healthcare Corporation (“Tenet”) were transferred to American Academic Health System (“AAHS”) with the exception of the real estate assets related to the medical office buildings and parking garages, which were sold to Harrison Street and master leased to St. Christopher’s Hospital, LLC. The University in turn subleased from St. Christopher’s Hospital LLC. Under these agreements, the University acted both as a purchaser and provider of services. On June 30 of 2019, the owners of Hahnemann University Hospital (“HUH”) and St. Christopher’s Hospital for Children (“St. Christopher’s”), Philadelphia Academic Health System (“PAHS”), a subsidiary of the California based American Academic Health System (“AAHS”), filed for chapter 11 bankruptcy (See Note 19). Total services purchased from AAHS/Tenet for the years ended June 30, 2020 and 2019 were \$0 and \$12,309,000, respectively. These services included charges for various personnel, administrative and support services related to operating the College of Medicine and rent. Services provided to Tenet/AAHS included administrative, supervisory and teaching services connected with faculty physician and residency programs and services and support provided by physicians to support hospital operations. Total charges to AAHS/Tenet for these services amounted to \$0 and \$24,386,000 for the years ended June 30, 2020 and 2019, respectively.

Drexel University and Subsidiaries

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Tower Health

On December 31, 2018, Tower Health (“Tower”) and Drexel University signed a 20-year academic affiliation agreement that allows the University to use Tower Health’s Reading Hospital campus in Berks County, Pennsylvania as another location for the College of Medicine’s four-year undergraduate medical education program. The agreement calls for the opening of a state of the art 120,000 sf facility in West Reading PA that will train at least 40 additional Drexel University medical students per year starting in July 2021. The academic affiliation agreement will allow the Drexel University’s College of Medicine to create and maintain high quality medical education and academic programs in an appropriate learning environment and serve the community through the delivery of high quality and cost-effective health care services at Tower Health facilities.

St. Christopher’s Hospital for Children Acquisition

On December 15, 2019, the University acquired an undivided 50% interest in St. Christopher’s Hospital for Children and certain pediatric medicine physician practices (“St. Christopher’s”) from the bankruptcy estate of the American Academic Health System (“AAHS”) in a joint venture with Tower Health. In addition to the purchase, Drexel University and Tower Health each provided a \$30 million working capital line of credit to support the joint venture. Tower Health oversees the operations of the hospital with Drexel overseeing medical education and research at St. Christopher’s. The acquisition of St. Christopher’s ensured the continued operation of the hospital and an essential academic medical education training site for Drexel’s College of Medicine and Drexel’s health science professions.

As part of the acquisition of St. Christopher’s and the subsequent lease by the joint venture of the real estate from ISSTC PROPCO, LLC, Drexel University and Tower Health guaranteed the lease for the joint venture. In addition to the lease guarantee, Drexel and Tower also provided three joint and several guarantees that were each required to provide to induce (i) Tenet Business Services Corporation (“TBS”), (ii) Conifer Revenue Cycle Management Solutions, LLC (“Conifer”), and (iii) Tenet Health System St. Christopher’s Hospital for Children LLC (“THSC”), each an affiliate of Tenet, to enter into new agreements with the joint venture deemed to be critical for the operation of the St. Christopher’s. By providing the joint and several guarantees of Drexel and Tower, the joint venture was able to reject the existing agreements that the Debtor had with TBS, Conifer and THSC in the bankruptcy sale order, thereby avoiding the obligation to pay cure payments due and owing by Debtor to those companies if the joint venture had assumed the Debtor’s agreements, and instead enter into new agreements with significantly better terms and conditions.

As of June 30, 2020, the University recorded the investment of \$33.4 million as interest in a partnership for St. Christopher’s Hospital (Note 5).

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

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Powel Elementary and Science Leadership Academy Middle School Project

On May 8, 2019, the Board of Trustees approved a Resolution authorizing the University to undertake the design and construction of a combined K-8 Powel Elementary School and Science Leadership Academy Middle School (“Powel/SLA-MS”) on the northern portion of 60 N. 36th Street in Philadelphia, Pennsylvania, which is a portion of the tract of land that formerly housed University City High School. To fund a portion of the Project costs, the University utilized the New Market Tax Credits (“NMTCs”). The Project qualified for the NMTC program because the Property is in a “highly distressed” low income community. The University was allocated \$29,000,000 of NMTCs from four separate Community Development Entities. Upon completion, the University will lease the building to the School District of Philadelphia (“SDP”) for nominal annual rent. SDP will be responsible for all operating and maintenance costs. The University special purpose entity Drexel University City, Inc. (“DUC”), serves as the leveraged loan lender for the NMTC transaction.

Wexford Science and Technology, LLC was engaged to serve as the fee developer for the construction of Powel/SLA-MS. Wexford Science and Technology, LLC initially contributed \$4,850,000 toward the project and subsequently agreed to provide an additional \$4,000,000 to further support the project.

On March 20, 2020, the University received notice from Wexford Development, LLC of an event of Force Majeure based on Governor Wolf’s March 19, 2020 order that required complete cessation of construction and that might delay the obligations to perform under existing contracts. Drexel responded on March 24, 2020 and disputed the assertion of a Force Majeure event as there had not yet been any actual delay. Substantial Completion is expected on or before November 30, 2020.

Drexel Academic Tower

On May 8, 2019, the Board of Trustees approved a resolution authorizing the University to develop a new Academic Tower to house the College of Nursing and Health Professions, relocating the college from Center City to University City. Subsequently, the University executed an option to expand the Academic Tower to also include the Drexel College of Medicine. The Academic Tower will be developed by Wexford Development, LLC on the southern portion of 60 N. 36th Street, Philadelphia, Pennsylvania which is a portion of the tract of land that formerly housed University City High School. The building size is expected to be approximately 459,000 square feet. The building development will be aided by a number of financial mechanisms that include a prepaid ground lease between the University and uCity Academic Owner, LLC, and a sale by the University to Wexford Science and Technology, LLC of 142,857 square feet of air rights above the premises of Lot 6 (the PSLAMS premises). The University entered into a 29 year and 11-month lease with uCity Academic Owner, LLC and sold the air rights on September 26, 2019.

On March 20, 2020, the University received notice from uCity Academic Owner, LLC of an event of Force Majeure based on Governor Wolf’s March 19, 2020 directive to cease all non-life-sustaining business. Drexel responded on March 24, 2020 and disputed that such order constituted an event of Force Majeure under either the Ground Lease or the Space Lease at that time. Construction was not scheduled to commence until September 30, 2020 and Wexford met this deadline by mobilizing on site in July 2020.

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3675 Market Sublease - DXC Technologies

In October 2018, Drexel University entered into a 20-year lease with Wexford-SCEC 3675 Market Street, LLC for space on the 9th, 10th, and 11th floors of 3675 Market Street, Philadelphia, PA for the College of Computing and Informatics (“CCI”). The 14-story building, opened in November, is located to the west of University City Campus. The Building offers offices, classrooms, laboratories, co-working and convening spaces. On August 29, 2019, Drexel University entered into a sublease with a strategic partner, DXC Technology Services LLC (DXC), to utilize a portion of the 9th floor space to create a “DXC Digital Transformation Center” and to help offset early term lease expenses as CCI continues to grow.

DXC is one of the largest technology companies globally, with over 175,000 employees and clients across 70 countries. DXC's former Chairman and CEO is a Drexel alumnus and Trustee. CCI is building an overarching strategic partnership with DXC to support DXC's technology talent needs, from talent development to recruitment and professional training. This strategic partnership has the potential to substantially increase CCI's total graduate enrollment numbers.

Drexel University/Ben Franklin Technology Partners Seed Fund

On November 15, 2015, the University and Ben Franklin Technology Partners of Southeastern Pennsylvania (“Ben Franklin”) signed a ten year agreement ending November 15, 2025, to establish a jointly funded initiative “the Fund”, managed by Ben Franklin in conjunction with the University that establishes four program areas: 1) seed investments from a jointly capitalized pool into University spin-outs and other agreed upon Drexel-based ventures, 2) post-investment portfolio management services, 3) appropriate counseling and support for all invested companies and access to all Ben Franklin services and programs, and 4) joint efforts to place Drexel talent with invested enterprises. The University has authorized an amount up to \$5,000,000 to be raised from donors and used for the program elements. Ben Franklin has also authorized up to \$5,000,000 to be allocated over the life of the initiative from available investment resources. All loans and/or investments made by the Fund will be made with equal participation between the University and Ben Franklin. All loans and/or investment administration will be handled by Ben Franklin. The University and Ben Franklin will share equally in the revenue, income and/or other forms of return from each loan/investment. Upon termination of the agreement, any uncommitted University funds, net of costs associated with any outstanding loan or investment will be returned to the University by Ben Franklin within 45 days of termination.

19. Discontinued Operations

On June 30 of 2019, the owners of Hahnemann University Hospital (“HUH”) and St. Christopher’s Hospital for Children (“St. Christopher’s”), Philadelphia Academic Health System (“PAHS”), a subsidiary of the California based American Academic Health System (“AAHS”), filed for chapter 11 bankruptcy. HUH was experiencing unsustainable financial losses and could not continue to operate under these financial conditions. As a result of the announcement, HUH’s facilities and departments released a timeline of planned closure dates with an estimated final shut down date of September 6, 2019. St. Christopher remained open and operated by a joint venture between the University and Tower Health (“Tower”), which acquired certain assets and liabilities of the hospital in a bankruptcy sale.

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

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Drexel's main business relationship with the HUH was an academic affiliation agreement that designated HUH as the medical school's primary academic partner for its medical student training and provided for Drexel's faculty to manage the hospital's residency program through 2022.

University leadership in anticipation of the 2022 conclusion of the Drexel Academic affiliation agreement with HUH had previously begun evaluating potential successor hospitals to replace HUH. As a result, on December 31, 2018, the University announced a 20-year academic affiliation with Tower, a six-hospital system with locations in the Philadelphia area, to open a new branch campus for Drexel medical students at Tower's flagship hospital, Reading Memorial Health in Reading Pennsylvania. The University and Tower signed a Letter of Intent on May 10, 2019, to transfer substantially all of the assets of the Drexel University Practice Plan to the Tower Health Medical Group on or before January 1, 2020. Tower, worked with the University's management, to structure agreements to finalize the transfer, defined research management services, and academic affiliation services.

The University took further steps to minimize potential disruptions within the College of Medicine and the University's financial operations as a result of the HUH bankruptcy and closure. In late June 2019, when PAHS notified the University of its intent to file for bankruptcy, the management team developed a timeline in which various departments would close and which ones would be transitioned to Tower. On July 19, 2019, Drexel announced its plan to eliminate certain healthcare service lines and discontinue positions of affected physicians and clinical staff employed by the practice plan. Tower Health worked with Drexel to transition some of the affected physicians and clinical staff to the Tower Health Medical Group on an accelerated basis. The initial closures began on August 23, 2019 and ended December 31, 2019. The transition departments were transferred on January 1, 2020 and at which time the University ceased operations of its practice plan.

The University, in the period ending June 30, 2019, accrued faculty severance of \$5,891,000 and staff severance of \$3,492,000, in addition to the total loss of \$32,268,000 related to the closure of physician practice plan. For faculty, the University was contractually required to provide 6-months' notice of termination and this notice was provided on July 15, 2019. Professional staff severance was determined by length of service and ranges from 2 weeks salary for less than 1 year of service to 5 month's salary for 5 or more years of service. All benefits were discontinued at the end of the month of the effective date of the position elimination. Accrued vacation and sick time, as applicable, were paid out in accordance with the University's policies. As part of the practice plan closure, the University assessed its equipment, furnishings, and software related to the physician practices. Most of these assets were sold or transitioned to Tower.

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Notes to Consolidated Financial Statements
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The key components of loss from discontinued operations for the years ended June 30 were as follows (in thousands):

Statement of Financial Position:

| | 2020 | 2019 |
|---|-------------|-------------|
| Assets: | | |
| Cash, cash equivalents, and restricted cash | | |
| Operating | \$ (3) | \$ (3) |
| Accounts receivable | 1,339 | (6,862) |
| Prepaid expenses and other assets | (18) | (845) |
| Assets held for sale | - | 7,710 |
| Liabilities: | | |
| Accounts payable | \$ (1,244) | \$ (4,312) |
| Accrued liabilities | (6,099) | (12,342) |
| Deposits and deferred revenue | 2 | (6) |
| Liabilities held for sale | 8,659 | 16,660 |
| Change in net assets | - | - |

Statement of Activities:

| | 2020 | 2019 |
|---|-------------|-------------|
| Revenues: | | |
| Physician services | (16,358) | (86,881) |
| Expenses: | | |
| Salaries and wages | (28,482) | (64,775) |
| Employee benefits | (6,641) | (15,911) |
| Other operating expenses | (23,778) | (47,846) |
| Loss from discontinued operations: | | |
| Closure of physician's practice plan | (42,543) | (41,651) |
| Change in net assets | - | - |

Statement of Cash Flows:

| | 2020 | 2019 |
|---|-------------|-------------|
| Operating activities: | | |
| Changes in assets and liabilities that provide / (use) cash: | | |
| Accounts receivable | (1,339) | 6,862 |
| Other assets | 18 | 845 |
| Accounts payable and accrued liabilities | (7,343) | (16,654) |
| Deposits and deferred revenue | 2 | (6) |
| Other, net | 8,659 | 8,950 |
| Net cash (used in) by operating activities | (3) | (3) |
| Net change in cash and cash equivalents, and restricted cash | (3) | (3) |

Drexel University and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

20. COVID-19

The outbreak of the COVID-19 pandemic has caused domestic and global disruptions in operations for institutions of higher education. In March 2020, the University closed its campus in accordance with applicable governmental mandates and converted all instruction to online, and all employees who were able to do so began working remotely. The long-term effect to the University of the COVID-19 pandemic depends on various factors, including, but not limited to, the effect on student enrollment, the effect on demand for University programs that involve travel or that have international connections, and the long-term effect on financial markets and consequently the returns on and value of the University's investments, which cannot be fully quantified at this time. As of June 30, 2020, and through the date of these financial statements, the University evaluated its accounting estimates for any potential future impacts of the pandemic. While this evaluation did not result in a material effect to the University's financial statements as of June 30, 2020, future evaluations could result in a material effect depending on the eventual impact and duration of the pandemic.

21. Subsequent Events

The University evaluated events subsequent from June 30, 2020 through October 30, 2020, the date at which financial statements were issued.

A. University Revenue Refunding Bonds – Series of 2020

In July 2020, the University issued Drexel University Taxable Bonds, Series of 2020 in the amount of \$104,100,000. The primary purpose to reimburse itself for cost related to the acquisition of an interest in the St. Christopher's Hospital for Children for use in connection with its academic medical education program in pediatric medicine and to pay costs of issuance and for any other purposes duly authorized by the University. The bonds will be maturing between 2042 through 2050.

In August 2020, the University issued Pennsylvania Higher Educational Facilities Authority, Drexel University Revenue Bonds Series of 2020A and Series of 2020B in the amount of \$152,495,000. The primary purpose of this issue was the current refunding of all of the outstanding Series of 2000-2, 2002B, 2005B, 2007B and the advance refunding of portion of the Series of 2011A and Series of 2012 bonds. The bonds will be maturing between May 1, 2021 through May 1, 2050.

Schedule of Expenditures of Federal Awards

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--|-------------|---------------------|---------------------|--|------------------------------------|---------------------|--------------------------|
| RESEARCH AND DEVELOPMENT CLUSTER | | | | | | | |
| DEPARTMENT OF AGRICULTURE | | | | | | | |
| NATIONAL INSTITUTE OF FOOD AND AGRICULTURE | | | | | | | |
| Small Business Innovation Research | 10.212 | \$ - | \$ 15,734 | Environmental Fuel Research | 2018-33610-28504 ; 1016066 | \$ 15,734 | - |
| Total CFDA 10.212 | | | 15,734 | | | 15,734 | - |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 24,393 | - | The Regents of the University of California | 201403031-01; A15-0053-S0003 | 24,393 | - |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | - | 73,419 | Rutgers University | PO# 848794;SUB # 0451 ;MOD 2 | 73,419 | - |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | - | 51,511 | | | 51,511 | - |
| Total CFDA 10.310 | | 24,393 | 124,930 | | | 149,323 | - |
| Total Department of Agriculture | | \$ 24,393 | \$ 140,664 | | | \$ 165,057 | \$ - |
| DEPARTMENT OF COMMERCE | | | | | | | |
| NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION | | | | | | | |
| Climate and Atmospheric Research | 11.431 | \$ 21,831 | - | Columbia University | 3(GG012355)/ PO GG10011; MOD6 | \$ 21,831 | - |
| Climate and Atmospheric Research | 11.431 | - | 124,711 | Stevens Institute of Technology | 2103008-01; MOD 1 | 124,711 | - |
| Climate and Atmospheric Research | 11.431 | - | 22,025 | | | 22,025 | - |
| Total CFDA 11.431 | | 21,831 | 146,736 | | | 168,567 | - |
| Total Department of Commerce | | \$ 21,831 | \$ 146,736 | | | \$ 168,567 | \$ - |
| DEPARTMENT OF DEFENSE | | | | | | | |
| DEPT OF THE NAVY | | | | | | | |
| Basic and Applied Scientific Research | 12.300 | \$ 1,385,570 | - | George Washington University | 17-21 ; 17-S21; MOD 2 | \$ 1,385,570 | \$ 309,477 |
| Basic and Applied Scientific Research | 12.300 | - | 164,708 | | | 164,708 | - |
| Total CFDA 12.300 | | 1,385,570 | 164,708 | | | 1,550,278 | 309,477 |
| DEPT OF DEFENSE | | | | | | | |
| Military Medical Research and Development | 12.420 | 760,252 | - | Trustees of Boston University | 4500002892 | 760,252 | 82,748 |
| Military Medical Research and Development | 12.420 | - | 14,541 | | | 14,541 | - |
| Total CFDA 12.420 | | 760,252 | 14,541 | | | 774,793 | 82,748 |
| DEPT OF THE ARMY | | | | | | | |
| Basic Scientific Research | 12.431 | 1,194,000 | - | PPG Industries, Inc | Subcontract# W911NF-17-2-0227 | 1,194,000 | 570,668 |
| Basic Scientific Research | 12.431 | - | 1,679,095 | Rowan University | 51291-1 ; MOD 2 | 1,679,095 | - |
| Basic Scientific Research | 12.431 | - | 127,632 | | | 127,632 | - |
| Total CFDA 12.431 | | 1,194,000 | 1,806,127 | | | 3,000,127 | 570,668 |
| Office of the Secretary of Defense | | | | | | | |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | 16,652 | - | University of Delaware | W911NF1220022/45575 | 16,652 | - |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | - | (34) | Advanced Functional Fabrics of America, Inc. | 17M-001 | (34) | - |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | - | 96,494 | Advanced Functional Fabrics of America, Inc. | PO# 542 / TASK ORDER 1-F-005 | 96,494 | 22,723 |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | - | 8,480 | University of Delaware | 52978 ; MOD 1 | 8,480 | - |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | - | 108,645 | University of Delaware | 54496; MOD 1 | 108,645 | - |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | - | 23,946 | University of Delaware | 56874; MOD 1 | 23,946 | - |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | - | 34,752 | University of Delaware | | 34,752 | - |
| Total CFDA 12.630 | | 16,652 | 272,283 | | | 288,935 | 22,723 |
| DEPT OF THE AIR FORCE | | | | | | | |
| Air Force Defense Research Sciences Program | 12.800 | 132,452 | - | PAR Government Systems Corporation | PGSC-SC-111346-03;MOD 7 | 132,452 | - |
| Air Force Defense Research Sciences Program | 12.800 | - | 122,811 | George Mason University | E2046603; MOD 01 | 122,811 | - |
| Air Force Defense Research Sciences Program | 12.800 | - | 106,924 | | | 106,924 | - |
| Total CFDA 12.800 | | 132,452 | 229,735 | | | 362,187 | - |
| NATIONAL SECURITY AGENCY (NSA) | | | | | | | |
| Information Security Grants | 12.902 | 150,312 | - | | | 150,312 | - |
| Total CFDA 12.902 | | 150,312 | - | | | 150,312 | - |
| Advanced Research Projects Agency | | | | | | | |
| Tailored Universal Feedstock for Forming (TUFF) | 12.910 | - | 77,097 | University of Delaware | 42527; MOD 7 | 77,097 | - |
| Research and Technology Development | 12.910 | - | 780 | Versar | PO#009275 | 780 | - |
| Total CFDA 12.910 | | - | 77,877 | | | 77,877 | - |
| USAF Attribution Of Malicious Binaries | 12.RD | 246,306 | - | | | 246,306 | 212,886 |
| Strategic Environmental Research and Development Program | 12.RD | - | 49,498 | | | 49,498 | 5,658 |
| Non-Thermalized Carrier Photo Galvanic Device Science | 12.RD | - | 293,953 | | | 293,953 | 89,966 |
| Electron Microscopy Engineering Services-Taheri NAVSEA Contract | 12.RD | - | 77,621 | | | 77,621 | - |
| Uptake and Bioaccumulation of Subsurface Derived PFAS | 12.RD | - | 29,287 | | | 29,287 | 4,328 |
| Uptake and Bioaccumulation of Subsurface Derived PFAS | 12.RD | - | 13,414 | | | 13,414 | - |
| | 12.RD | - | 38,767 | Lockheed Martin Corporation | PO 4103033839; MOD 06 | 38,767 | - |
| | 12.RD | - | 177,776 | Akita Innovations | SUBCONTRACT AGREEMENT 9.26.18 | 177,776 | - |
| | 12.RD | - | 57,825 | DeLUX Engineering, LLC | AFISB-707; SSTR A178-004-0153 | 57,825 | - |
| | 12.RD | - | 21,046 | AA Plasma LLC | SP4701-19-P-0101-01 ; MOD1 | 21,046 | - |
| | 12.RD | - | 124,378 | KBRwyle | LXS016218 ;FA8075-14-D-0025 | 124,378 | - |
| | 12.RD | - | 11,200 | Smart Information Flow Technologies LLC | ASIST-DREXEL-01 | 11,200 | - |
| | 12.RD | - | 45,974 | Siemens Corporation, Corporate Technology | 178-1 | 45,974 | - |
| Total CFDA 12.RD | | 710,079 | 476,966 | | | 1,187,045 | 312,867 |
| Total Department of Defense | | \$ 4,349,317 | \$ 3,042,237 | | | \$ 7,391,554 | \$ 1,208,483 |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--|--------------------------|----------------------|---------------------|---|------------------------------------|----------------------|--------------------------|
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | | | | | |
| Museums for America | 45.301 | 101,800 | - | | | 101,800 | - |
| | Total CFDA 45.301 | 101,800 | - | | | 101,800 | - |
| National Leadership Grants | 45.312 | - | - | | | - | - |
| National Leadership Grants | 45.312 | - | 94,058 | University of Wisconsin | 787K102; LG-96-17-0220-17; M4 | 94,058 | - |
| | Total CFDA 45.312 | - | 94,058 | | | 94,058 | - |
| Laura Bush 21st Century Librarian Program | 45.313 | 131,474 | - | | | 131,474 | (750) |
| | Total CFDA 45.313 | 131,474 | - | | | 131,474 | (750) |
| Total National Endowment for the Arts | | \$ 340,433 | \$ - | | | \$ 457,838 | \$ (750) |
| NATIONAL SCIENCE FOUNDATION | | | | | | | |
| NATIONAL SCIENCE FOUNDATION | | | | | | | |
| Engineering | 47.041 | \$ 2,953,246 | \$ - | | | \$ 2,953,246 | \$ 3,021 |
| Engineering | 47.041 | - | 35,739 | Colorado School of Mines | SUB 401283;5801; MOD 1 | 35,739 | - |
| Engineering | 47.041 | - | 8,696 | Instadiagnostics, Inc. | FAIN 1738443 | 8,696 | - |
| Engineering | 47.041 | - | 82,591 | University of Alabama | A18-0467-S002-A02; MOD2 | 82,591 | - |
| Engineering | 47.041 | - | 17,971 | University of Maryland | 85694-Z3513201 | 17,971 | - |
| | Total CFDA 47.041 | 2,953,246 | 144,997 | | | 3,098,243 | 3,021 |
| Mathematical and Physical Sciences | 47.049 | 1,670,285 | - | | | 1,670,285 | - |
| | Total CFDA 47.049 | 1,670,285 | - | | | 1,670,285 | - |
| Geosciences | 47.050 | 183,771 | - | | | 183,771 | - |
| Geosciences | 47.050 | - | 1,270 | University of Chicago | FP060695; MOD 2 | 1,270 | - |
| | Total CFDA 47.050 | 183,771 | 1,270 | | | 185,041 | - |
| Computer and Information Science and Engineering | 47.070 | 2,789,734 | - | University of Illinois at Urbana-Champaign | 097053-17577 | 2,789,734 | 92,377 |
| Computer and Information Science and Engineering | 47.070 | - | 13,161 | Massachusetts Institute of Technology | S4919 PO 396441; 48209; MOD1 | 13,161 | - |
| Computer and Information Science and Engineering | 47.070 | - | 10,361 | | | 10,361 | - |
| | Total CFDA 47.070 | 2,789,734 | 23,522 | | | 2,813,256 | 92,377 |
| Biological Sciences | 47.074 | 1,190,272 | - | | | 1,190,272 | 103,088 |
| Biological Sciences | 47.074 | - | 4,364 | University of Pennsylvania | 564812 / 10042268 / 16103 | 4,364 | - |
| Biological Sciences | 47.074 | - | 846 | Cornell University | AGREEMENT 74983-10504;MOD 2 | 846 | - |
| Biological Sciences | 47.074 | - | 2,286 | Northern Arizona University | 1003017-01; MOD 01 | 2,286 | - |
| Biological Sciences | 47.074 | - | 370,370 | Battelle Memorial Institute | US001-0000717563 | 370,370 | - |
| Biological Sciences | 47.074 | - | 262 | Battelle Memorial Institute | 4010-0356-AQUC;MOD 3 | 262 | - |
| Biological Sciences | 47.074 | - | 8,924 | Carnegie Mellon University | SUBAVD# 441299-1 | 8,924 | - |
| Biological Sciences | 47.074 | - | 42,486 | New York Botanical | 1802034-03-PHAS | 42,486 | - |
| Biological Sciences | 47.074 | - | 27,823 | University of Vermont | 3274ISUB52561; PO# 172398 | 27,823 | - |
| Biological Sciences | 47.074 | 118,960 | - | Washington University in St. Louis | WU-20-263; PO# 2941189H | 118,960 | - |
| Biological Sciences | 47.074 | - | 32,412 | Bishop Museum | 310842-ANSP | 32,412 | - |
| | Total CFDA 47.074 | 1,190,272 | 608,733 | | | 1,799,005 | 103,088 |
| Social, Behavioral, and Economic Sciences | 47.075 | 496,801 | - | | | 496,801 | - |
| | Total CFDA 47.075 | 496,801 | - | | | 496,801 | - |
| Education and Human Resources | 47.076 | 3,176,639 | - | | | 3,176,639 | 818,067 |
| Education and Human Resources | 47.076 | - | 1,146 | The Franklin Institute | 1239782 | 1,146 | - |
| Education and Human Resources | 47.076 | - | 20,324 | University of Wisconsin | 782K530,1726625; MOD 2 | 20,324 | - |
| Education and Human Resources | 47.076 | - | 37,318 | University of Wyoming | 1003846-DU; PO# P315812 | 37,318 | - |
| Education and Human Resources | 47.076 | 180,664 | - | Wayne State University | WSU19062-A2; INDEX 301232;MD2 | 180,664 | - |
| Education and Human Resources | 47.076 | - | 15,068 | Villanova University | 525885DREXELWEISBERG; P2001053 | 15,068 | - |
| Education and Human Resources | 47.076 | - | 6,823 | Bucks County Community College | 1902075 001 | 6,823 | - |
| | Total CFDA 47.076 | 3,176,639 | 261,343 | | | 3,437,982 | 818,067 |
| Dr. Ying Sung IPA Agreement | 47.999 | 203,646 | - | | | 203,646 | - |
| | Total CFDA 47.079 | 203,646 | - | | | 203,646 | - |
| Total National Science Foundation | | \$ 12,664,394 | \$ 1,039,865 | | | \$ 13,704,259 | \$ 1,016,853 |
| ENVIRONMENTAL PROTECTION AGENCY | | | | | | | |
| ENVIRONMENTAL PROTECTION AGENCY | | | | | | | |
| Water Pollution Control State, Interstate, and Tribal Program Support | 66.419 | - | (80,336) | Montana Department of Environmental Quality | CONTRACT#211135 | (80,336) | - |
| | Total CFDA 66.419 | - | (80,336) | | | (80,336) | - |
| Regional Wetland Program Development Grants | 66.461 | - | (106) | Barnegat Bay National Estuary Program | USEPAREGION2FY10WPDG/P-FILE | (106) | - |
| | Total CFDA 66.461 | - | (106) | | | (106) | - |
| National Wetland Program Development Grants and Five-Star Restoration Training Grant | 66.462 | - | 8,213 | Partnership for the Delaware Estuary | PDE-301-01 | 8,213 | - |
| | Total CFDA 66.462 | - | 8,213 | | | 8,213 | - |
| Chesapeake Bay Program | 66.466 | 99,500 | - | PA Department of Environmental Protection | 4400015617; PO# 4300626753 | 99,500 | 47,048 |
| Chesapeake Bay Program | 66.466 | - | 61,036 | Chesapeake Conservancy Inc. | CB-963930-01-0 | 61,036 | - |
| Chesapeake Bay Program | 66.466 | - | 83,194 | PA Department of Environmental Protection | 4400015617 / PO# 4300632599 | 83,194 | - |
| | Total CFDA 66.466 | - | 243,730 | | | 243,730 | 47,048 |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--|-------------|--------------|--------------|--|------------------------------------|--------------------|--------------------------|
| Office of Research and Development Consolidated Research/Training/Fellowships | 66.511 | 300,814 | - | | | 300,814 | 99,496 |
| Office of Research and Development Consolidated Research/Training/Fellowships | 66.511 | - | 66,985 | Health Effects Institute | 4956-RFPA15-2/17-2 | 66,985 | 22,011 |
| Total CFDA 66.511 | | 300,814 | 66,985 | | | 367,799 | 122,407 |
| P3 Award: National Student Design Competition for Sustainability | 66.516 | 7,353 | - | | | 7,353 | - |
| Total CFDA 66.516 | | 7,353 | - | | | 7,353 | - |
| Regional Applied Research Efforts (RARE) | 66.517 | 40,757 | - | | | 40,757 | - |
| Regional Applied Research Efforts (RARE) | 66.517 | - | 9,425 | Barnegat Bay National Estuary Program | BBP-EPAAE0-01; B0010157 | 9,425 | - |
| Total CFDA 66.517 | | 40,757 | 9,425 | | | 50,182 | - |
| Performance Partnership Grants | 66.605 | - | 7,938 | New Jersey Sea Grant Consortium | SR18-004 ; 4904-0038 | 7,938 | - |
| Total CFDA 66.605 | | - | 7,938 | | | 7,938 | - |
| TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals | 66.707 | - | (4,602) | Versar | PO#008430 | (4,602) | - |
| Total CFDA 66.707 | | - | (4,602) | | | (4,602) | - |
| Non-Thermal Plasma Assisted Inactivation of Antibiotic Resistant Bacteria | 66.RD | - | 30,616 | AA Plasma LLC | CONTRACT AGREEMENT 051919 | 30,616 | - |
| Non-Thermal Plasma Assisted Inactivation of Antibiotic Resistant Bacteria | 66.RD | - | 27,939 | AA Plasma LLC | CONTRACT # 68HERC20C0009-01 | 27,939 | - |
| Total CFDA 66.RD | | - | 58,555 | | | 58,555 | - |
| Total Environmental Protection Agency | | \$ 348,924 | \$ 309,802 | | | \$ 658,726 | \$ 169,454 |
| DEPARTMENT OF ENERGY | | | | | | | |
| DEPARTMENT OF ENERGY | | | | | | | |
| Office of Science Financial Assistance Program | 81.049 | \$ 671,558 | \$ - | Oak Ridge National Laboratory/Dept of Energy | 4000150343; MOD 5 | \$ 671,558 | \$ - |
| Office of Science Financial Assistance Program | 81.049 | - | 451,189 | Argonne National Laboratory | SUB 7F-30116; MOD 0003 | 451,189 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 60,564 | State University of New York | 68856 /1149710/2; MOD1 | 60,564 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 108,502 | Temple University | 262850-01 ; MOD 01 | 108,502 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 46,162 | | | 46,162 | - |
| Total CFDA 81.049 | | 671,558 | 666,417 | | | 1,337,975 | - |
| Conservation Research and Development | 81.086 | 14,337 | - | | | 14,337 | - |
| Total CFDA 81.086 | | 14,337 | - | | | 14,337 | - |
| Renewable Energy Research and Development | 81.087 | 253,294 | - | | | 253,294 | 141,641 |
| Renewable Energy Research and Development | 81.087 | - | 90,739 | PPL Electric Utilities Corp | Contract 9018537-C | 90,739 | - |
| Renewable Energy Research and Development | 81.087 | - | 23,250 | FERMI National Accelerator Laboratory | 651820 ; LDRD-2018-003;MOD1 | 23,250 | - |
| Total CFDA 81.087 | | 253,294 | 113,989 | | | 367,283 | 141,641 |
| Epidemiology and Other Health Studies Financial Assistance Program | 81.108 | 293,085 | - | | | 293,085 | 111,972 |
| Total CFDA 81.108 | | 293,085 | - | | | 293,085 | 111,972 |
| Advanced Research Projects Agency - Energy | 81.135 | 173,459 | - | | | 173,459 | 88,908 |
| Advanced Research Projects Agency - Energy | 81.135 | - | 1,108 | EPRI | 10004916; MOD 02 | 1,108 | - |
| Advanced Research Projects Agency - Energy | 81.135 | - | 50,000 | State University of New York | SUB AWD 18-04 ; MOD 01 | 50,000 | - |
| Total CFDA 81.135 | | 173,459 | 51,108 | | | 224,567 | 88,908 |
| Sequential Circuit Locking | 81.RD | - | 49,999 | Honeywell Federal Manufacturing and Technologies LLC | N000321940 ;MOD1 | 49,999 | - |
| Fault Detections and Diagnostics: Test Datasets and Prioritization Methods | 81.RD | - | 47,571 | University of California Lawrence Berkeley National Labs | 7512117; MOD 1 | 47,571 | - |
| Dynamic Material Flow Assessment Framework for Circular Economy Transmission | 81.RD | - | 9,518 | Alliance for Sustainable Energy, LLC | SUB-2020-10029 | 9,518 | - |
| Total CFDA 81.RD | | - | 107,088 | | | 107,088 | - |
| Total Department of Energy | | \$ 1,405,733 | \$ 938,602 | | | \$ 2,344,335 | \$ 342,521 |
| DEPARTMENT OF EDUCATION | | | | | | | |
| OFFICE OF FEDERAL STUDENT AID | | | | | | | |
| National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program | 84.015 | \$ - | \$ 1,462 | University of Pennsylvania | P015A180141 ; 575240 | \$ 1,462 | \$ - |
| National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program | 84.015 | - | 1,427 | University of Pennsylvania | 575256 | 1,427 | - |
| Total CFDA 84.015 | | - | 2,889 | | | 2,889 | - |
| Minority Science and Engineering Improvement | 84.120 | - | 80,924 | University of Texas at El Paso | 226150855A ; MOD 01 | 80,924 | - |
| Total CFDA 84.120 | | - | 80,924 | | | 80,924 | - |
| INSTITUTE OF EDUCATION SCIENCES | | | | | | | |
| Research in Special Education | 84.324 | - | 45,640 | University of California, Davis | 201700390-02; 4040-0001;MOD2 | 45,640 | - |
| Total CFDA 84.324 | | - | 45,640 | | | 45,640 | - |
| OFFICE OF POSTSECONDARY EDUCATION | | | | | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | - | - | | | - | - |
| Total CFDA 84.334 | | - | - | | | - | - |
| OII - OFFICE OF INNOVATION AND IMPROVEMENT | | | | | | | |
| Arts in Education | 84.351 | - | 50,351 | Infexion | FAIN U351D180047; MOD 01 | 50,351 | - |
| Total CFDA 84.351 | | - | 50,351 | | | 50,351 | - |
| OFFICE OF ELEMENTARY AND SECONDARY EDUCATION | | | | | | | |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367 | - | - | | | - | - |
| Total CFDA 84.367 | | - | - | | | - | - |
| Total Department of Education | | \$ - | \$ 179,804 | | | \$ 179,804 | \$ - |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--|-------------|------------------|----------------|--|------------------------------------|--------------------|--------------------------|
| CENTERS FOR DISEASE CONTROL AND PREVENTION | | | | | | | |
| Chronic Diseases: Research, Control, and Prevention | 93.068 | \$ 723,042 | \$ - | | | \$ 723,042 | \$ - |
| Total CFDA 93.068 | | 723,042 | - | | | 723,042 | - |
| Environmental Public Health and Emergency Response | 93.070 | 266,238 | - | | | 266,238 | - |
| Total CFDA 93.070 | | 266,238 | - | | | 266,238 | - |
| Blood Disorder Program: Prevention, Surveillance, and Research | 93.080 | - | 3,120 | Children's Hospital of Philadelphia | 8901210919; 20042423-RSUB | 3,120 | - |
| Blood Disorder Program: Prevention, Surveillance, and Research | 93.080 | - | 12,831 | Children's Hospital of Philadelphia | 8901210920; 20141984 | 12,831 | - |
| Total CFDA 93.080 | | - | 15,951 | | | 15,951 | - |
| Sodium Reduction in Communities | 93.082 | - | 66,323 | City of Philadelphia | 1720467-03 | 66,323 | - |
| Total CFDA 93.082 | | - | 66,323 | | | 66,323 | - |
| OFFICE OF ASSISTANT SECRETARY FOR HEALTH | | | | | | | |
| Advancing System Improvements for Key Issues in Women's Health | 93.088 | - | (3,694) | Nationalities Services Center | 1-ASTWH160040-01-00 | (3,694) | - |
| Total CFDA 93.088 | | - | (3,694) | | | (3,694) | - |
| FOOD AND DRUG ADMINISTRATION | | | | | | | |
| Food and Drug Administration Research | 93.103 | 23,210 | - | | | 23,210 | - |
| Food and Drug Administration Research | 93.103 | - | 10,000 | Children's Hospital of Philadelphia | 3201480819 / PO 20056702-RSUB | 10,000 | - |
| Total CFDA 93.103 | | 23,210 | 10,000 | | | 33,210 | - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | | | | | | | |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | 539,582 | - | | | 539,582 | 13,669 |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | - | 35,457 | Epilepsy Foundation Western/Central Pennsylvania | AWARD DATED 08/22/2017 | 35,457 | - |
| Total CFDA 93.110 | | 539,582 | 35,457 | | | 575,039 | 13,669 |
| NATIONAL INSTITUTES OF HEALTH | | | | | | | |
| Environmental Health | 93.113 | (2,128) | - | | | (2,128) | (2,128) |
| Environmental Health | 93.113 | - | 19,785 | Johns Hopkins University | 2003188471; MOD 3 | 19,785 | - |
| Environmental Health | 93.113 | - | 20,117 | University of Washington | UWSC10028; MOD 03 | 20,117 | - |
| Environmental Health | 93.113 | - | 7,038 | University of California, Davis | 2015000641-02/A18-0173-So01-A2 | 7,038 | - |
| Environmental Health | 93.113 | - | 85,470 | University of Pittsburgh | 0059250 (131099-1);MOD1 | 85,470 | - |
| Environmental Health | 93.113 | - | 115,277 | Penn State University | S000443-NIH | 115,277 | - |
| Environmental Health | 93.113 | - | 116,899 | Mount Sinai School of Medicine | 0255-C301-4609 | 116,899 | - |
| Environmental Health | 93.113 | - | 3,939 | Johns Hopkins University School of Medicine | 2004638646 | 3,939 | - |
| Total CFDA 93.113 | | (2,128) | 368,325 | | | 366,397 | (2,128) |
| CENTERS FOR DISEASE CONTROL AND PREVENTION | | | | | | | |
| Centers for Research and Demonstration for Health Promotion and Disease Prevention | 93.135 | - | 1,132 | Medstar Health Research Institute | HHSP2332015000221-HHSP23337005 | 1,132 | - |
| Total CFDA 93.135 | | - | 1,132 | | | 1,132 | - |
| OFFICE OF ASSISTANT SECRETARY FOR HEALTH | | | | | | | |
| Community Programs to Improve Minority Health Grant Program | 93.137 | - | (680) | District 1199C Training & Upgrading Fund | AGREEMENT 1-15-2016 | (680) | - |
| Community Programs to Improve Minority Health Grant Program | 93.137 | - | 39,098 | District 1199C Training & Upgrading Fund | AWARD DATED 09/13/2019 | 39,098 | - |
| Community Programs to Improve Minority Health Grant Program | 93.137 | - | 89,797 | District 1199C Training & Upgrading Fund | AGREEMENT DATED 01/16/2020 | 89,797 | - |
| Total CFDA 93.137 | | - | 128,215 | | | 128,215 | - |
| NATIONAL INSTITUTES OF HEALTH | | | | | | | |
| Human Genome Research | 93.172 | - | 230,792 | Children's Hospital of Philadelphia | 20154506 ;962638-R ;3200860721 | 230,792 | - |
| Human Genome Research | 93.172 | - | 6,444 | University of California, San Francisco | 2R56HG005946-07; 106468C ; M 1 | 6,444 | - |
| Human Genome Research | 93.172 | - | 291,416 | University of California, San Francisco | 109938C ; MOD 02 | 291,416 | - |
| Total CFDA 93.172 | | - | 528,652 | | | 528,652 | - |
| Research Related to Deafness and Communication Disorders | 93.173 | 478,054 | - | | | 478,054 | 47,622 |
| Research Related to Deafness and Communication Disorders | 93.173 | - | 70,625 | Georgetown University | 412748_GR412673-DU ; 7772933 | 70,625 | - |
| Total CFDA 93.173 | | 478,054 | 70,625 | | | 548,679 | 47,622 |
| Research and Training in Complementary and Integrative Health | 93.213 | 170,948 | - | | | 170,948 | - |
| Total CFDA 93.213 | | 170,948 | - | | | 170,948 | - |
| AGENCY FOR HEALTHCARE RESEARCH AND QUALITY | | | | | | | |
| Research on Healthcare Costs, Quality and Outcomes | 93.226 | 33,516 | - | | | 33,516 | 3,059 |
| Total CFDA 93.226 | | 33,516 | - | | | 33,516 | 3,059 |
| NATIONAL INSTITUTES OF HEALTH | | | | | | | |
| Mental Health Research Grants | 93.242 | 5,084,389 | - | | | 5,084,389 | 1,317,972 |
| Mental Health Research Grants | 93.242 | - | (4,952) | Temple University | 390463-04400-7342-02 | (4,952) | - |
| Mental Health Research Grants | 93.242 | - | 20,416 | Florida State University | R01912 | 20,416 | - |
| Mental Health Research Grants | 93.242 | - | 106,426 | American University | 31464-02; MOD 5 | 106,426 | - |
| Mental Health Research Grants | 93.242 | - | 14,299 | Temple University | 258152-DREXEL | 14,299 | - |
| Mental Health Research Grants | 93.242 | - | 42,934 | Florida State University | R02061; MOD 1 | 42,934 | 714 |
| Mental Health Research Grants | 93.242 | - | 406,067 | Temple University | 258152-03-DREXEL; MOD 07 | 406,067 | - |
| Mental Health Research Grants | 93.242 | - | 118,209 | New York University School of Medicine | 18-A1-00-007376 ; 111443 | 118,209 | - |
| Mental Health Research Grants | 93.242 | - | 107,253 | Promptworks | AWARD DATED 12/12/2019 | 107,253 | - |
| Mental Health Research Grants | 93.242 | - | 46,019 | Temple University | 254396-04-DREXEL; PO# 459998 | 46,019 | - |
| Mental Health Research Grants | 93.242 | - | 29,057 | New York University School of Medicine | 19-A0-SI-007376 ; 115607 | 29,057 | - |
| Mental Health Research Grants | 93.242 | - | 35,329 | Florida State University | R02178 | 35,329 | - |
| Mental Health Research Grants | 93.242 | - | 19,932 | Temple University | 258152-03-DREXEL; P0599024 | 19,932 | - |
| Total CFDA 93.242 | | 5,084,389 | 940,989 | | | 6,025,378 | 1,318,687 |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION | | | | | | | |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|---|-------------|-----------|--------------|---|------------------------------------|--------------------|--------------------------|
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | - | 77,809 | Pennsylvania Department of Human Services | 5-U79-SM061750-05 ; YEAR5 | 77,809 | - |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | - | (936) | PA Department of Drugs and Alcohol Programs | 440015617 PO4300554481 | (936) | - |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | - | 164,157 | Pennsylvania Department of Human Services | 239630 GRANT# H79SM082107 | 164,157 | - |
| Total CFDA 93.243 | | - | 241,030 | | | 241,030 | - |
| CENTERS FOR DISEASE CONTROL AND PREVENTION | | | | | | | |
| Occupational Safety and Health Program | 93.262 | 39,499 | - | | | 39,499 | - |
| Total CFDA 93.262 | | 39,499 | - | | | 39,499 | - |
| NATIONAL INSTITUTES OF HEALTH | | | | | | | |
| Alcohol Research Programs | 93.273 | 298,066 | - | University of Massachusetts | 16-009293-A05 ; MOD 05 | 298,066 | - |
| Alcohol Research Programs | 93.273 | - | 57,812 | | | 57,812 | - |
| Total CFDA 93.273 | | 298,066 | 57,812 | | | 355,878 | - |
| Drug Abuse and Addiction Research Programs | 93.279 | 3,412,335 | - | New York University | F171-01 | 3,412,335 | 428,531 |
| Drug Abuse and Addiction Research Programs | 93.279 | - | 8,981 | Temple University | 254958-04 DRXL | 8,981 | - |
| Drug Abuse and Addiction Research Programs | 93.279 | - | 7,156 | Penn State University | DREDA050325 1UG3DA050325-01 | 7,156 | - |
| Drug Abuse and Addiction Research Programs | 93.279 | - | 41,689 | | | 41,689 | - |
| Total CFDA 93.279 | | 3,412,335 | 57,826 | | | 3,470,161 | 428,531 |
| NATIONAL INSTITUTES OF HEALTH | | | | | | | |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | 323,359 | - | Thomas Jefferson University | 080-30000-S30901; MOD 02 | 323,359 | - |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | - | 326,442 | University of Southern California | 76831027 | 326,442 | - |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | - | 201,025 | | | 201,025 | - |
| Total CFDA 93.286 | | 323,359 | 527,467 | | | 850,826 | - |
| Minority Health and Health Disparities Research | 93.307 | 677,242 | - | Fox Chase Cancer Center | FCCC15126-03; MOD 03 | 677,242 | 53,451 |
| Minority Health and Health Disparities Research | 93.307 | - | 4,326 | Harvard University | 115001-511233; MOD 1 | 4,326 | - |
| Minority Health and Health Disparities Research | 93.307 | - | 54,358 | University of Pennsylvania | 578558; MOD 1 | 54,358 | - |
| Minority Health and Health Disparities Research | 93.307 | - | 24,354 | | | 24,354 | - |
| Total CFDA 93.307 | | 677,242 | 83,038 | | | 760,280 | 53,451 |
| Trans-NIH Research Support | 93.310 | 2,120,402 | - | Duke University | 203-7952 ; 5U2COD023375-03 | 2,120,402 | 1,159,403 |
| Trans-NIH Research Support | 93.310 | - | 7,847 | Duke University | SUBAWARD A03-2323 | 7,847 | - |
| Trans-NIH Research Support | 93.310 | - | 26,520 | | | 26,520 | - |
| Total CFDA 93.310 | | 2,120,402 | 34,367 | | | 2,154,769 | 1,159,403 |
| National Center for Advancing Translational Sciences | 93.350 | - | 1,943 | Duke University | CLINICAL TRIAL SUBAWD 2037876 | 1,943 | - |
| National Center for Advancing Translational Sciences | 93.350 | - | 50,943 | Tufts Medical Center, Inc | 5017623-SERV; 10T2TR003448-01 | 50,943 | - |
| Total CFDA 93.350 | | - | 52,886 | | | 52,886 | - |
| Nursing Research | 93.361 | 1,040,118 | - | ECOG-ACRIN Medical Research Foundation | SUBCON. DATD APRIL 2016;MOD7 | 1,040,118 | 64,879 |
| Nursing Research | 93.361 | - | 6,163 | Columbia University | 3(GG014705-01) | 6,163 | - |
| Nursing Research | 93.361 | - | 15,960 | | | 15,960 | - |
| Total CFDA 93.361 | | 1,040,118 | 22,123 | | | 1,062,241 | 64,879 |
| Cancer Cause and Prevention Research | 93.393 | 691,795 | - | HealthPartners Institute for Education and Research | X130120DREX; MOD 4 | 691,795 | 58,644 |
| Cancer Cause and Prevention Research | 93.393 | - | - | ECOG-ACRIN Medical Research Foundation | U24CA196172-01-DREX1;MOD7 | 691,795 | - |
| Total CFDA 93.393 | | 691,795 | - | | | 691,795 | 58,644 |
| Cancer Detection and Diagnosis Research | 93.394 | - | 33,699 | Children's Hospital of Philadelphia | No2-CM-62212 | 33,699 | - |
| Cancer Detection and Diagnosis Research | 93.394 | - | 32,576 | Children's Hospital of Philadelphia | U10CA180866 | 32,576 | - |
| Cancer Detection and Diagnosis Research | 93.394 | - | 66,275 | Children's Hospital of Philadelphia | PO#9500080216-13C PA092 | 66,275 | - |
| Total CFDA 93.394 | | - | 132,550 | Children's Hospital of Philadelphia | 6/8/2016/9400660000 | 132,550 | - |
| Cancer Treatment Research | 93.395 | 202,602 | - | Children's Hospital of Philadelphia | AAML1031 9400690000 PO-RSUB | 202,602 | - |
| Cancer Treatment Research | 93.395 | - | (12,843) | ECOG-ACRIN Medical Research Foundation | 3UG1CA189828-04-DREX2 | (12,843) | - |
| Cancer Treatment Research | 93.395 | - | 52,246 | ECOG-ACRIN Medical Research Foundation | 1UG1CA189828-01-DREX1 | 52,246 | - |
| Cancer Treatment Research | 93.395 | - | 2,460 | Albert Einstein College of Medicine | 311392 PO #0709468; PO752027 | 2,460 | - |
| Cancer Treatment Research | 93.395 | - | (3,334) | Children's Hospital of Philadelphia | NHR01 SUPPORT- ALTE11C2 STUDY | (3,334) | - |
| Cancer Treatment Research | 93.395 | - | (1,339) | The Children's Oncology Group | 9600090518 ; No PO-RSub | (1,339) | - |
| Cancer Treatment Research | 93.395 | - | (2,098) | TDL Innovations LLC | 2R44CA210696-02 | (2,098) | - |
| Cancer Treatment Research | 93.395 | - | (14,822) | ECOG-ACRIN Medical Research Foundation | U10CA180820-06-DREX1A | (14,822) | - |
| Cancer Treatment Research | 93.395 | - | 79,691 | ECOG-ACRIN Medical Research Foundation | U10CA180820-06-DREX1C | 79,691 | - |
| Cancer Treatment Research | 93.395 | - | 1,252 | ECOG-ACRIN Medical Research Foundation | U10CA180820-06-DREX1M | 1,252 | - |
| Cancer Treatment Research | 93.395 | - | 1,001 | ECOG-ACRIN Medical Research Foundation | U10CA180820-06-DREX1A; Y7 | 1,001 | - |
| Cancer Treatment Research | 93.395 | - | 94,512 | | | 94,512 | - |
| Cancer Treatment Research | 93.395 | - | 151,876 | | | 151,876 | - |
| Cancer Treatment Research | 93.395 | - | 41,562 | | | 41,562 | - |
| Cancer Treatment Research | 93.395 | - | 41,562 | | | 41,562 | - |
| Cancer Treatment Research | 93.395 | - | 5,976 | | | 5,976 | - |
| Total CFDA 93.395 | | 202,602 | 437,302 | | | 640,104 | - |
| Cancer Biology Research | 93.396 | 437,136 | - | University of Pennsylvania | 5742901-1-R01-CA-228339; MOD1 | 437,136 | - |
| Cancer Biology Research | 93.396 | - | 5,821 | AQD Life Sciences LLC | Sub Awd# R41CA221595-DRXL | 5,821 | - |
| Cancer Biology Research | 93.396 | - | 32,106 | Temple University | P0565726 ; 263396-DU | 32,106 | - |
| Cancer Biology Research | 93.396 | - | 20,780 | | | 20,780 | - |
| Total CFDA 93.396 | | 437,136 | 58,707 | | | 495,843 | - |
| Cancer Centers Support Grants | 93.397 | - | 50,338 | Thomas Jefferson University | 080-03500-PB1518 | 50,338 | - |
| Cancer Centers Support Grants | 93.397 | - | 66,728 | Thomas Jefferson University | 080-03500-PB0818; MOD 1 | 66,728 | - |
| Total CFDA 93.397 | | - | 117,066 | | | 117,066 | - |
| Cancer Research Manpower | 93.398 | 1,161 | - | | | 1,161 | - |
| Total CFDA 93.398 | | 1,161 | - | | | 1,161 | - |
| Cancer Control | 93.399 | - | 3,756 | Children's Hospital of Philadelphia | FP00017458_SUB120_01 | 3,756 | - |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--|-------------|------------------|----------------|--|------------------------------------|--------------------|--------------------------|
| Cancer Control | 93-399 | - | 115,424 | ECOG-ACRIN Medical Research Foundation | UG1CA189828-06-DREX1 | 115,424 | - |
| Cancer Control | 93-399 | - | 19,476 | ECOG-ACRIN Medical Research Foundation | UG1CA189828-06-DREX2 | 19,476 | - |
| Total CFDA 93-399 | | - | 138,656 | | | 138,656 | - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | | | | | | | |
| Mental and Behavioral Health Education and Training Grants | 93-732 | - | 59,931 | University of Akron | 543153-DRXL | 59,931 | - |
| Total CFDA 93-732 | | - | 59,931 | | | 59,931 | - |
| NATIONAL INSTITUTES OF HEALTH | | | | | | | |
| Cardiovascular Diseases Research | 93-837 | 1,575,762 | - | Columbia University | GG010203; MOD 4 | 1,575,762 | 193,613 |
| Cardiovascular Diseases Research | 93-837 | - | 15,200 | Duke University | GUIDE-IT 122; DUKE SPS# 179452 | 15,200 | - |
| Cardiovascular Diseases Research | 93-837 | - | (25,503) | Massachusetts General Hospital | PS25713; A5332 | (25,503) | - |
| Cardiovascular Diseases Research | 93-837 | - | 3,993 | University of Michigan | 3004924795; MOD 2 | 3,993 | - |
| Cardiovascular Diseases Research | 93-837 | - | 128,159 | University of Michigan | SUBK00006462;3006119480 | 128,159 | - |
| Cardiovascular Diseases Research | 93-837 | - | 62,399 | Yale University | GR104903(CON-80001551) | 62,399 | - |
| Cardiovascular Diseases Research | 93-837 | - | (3,107) | University at Buffalo | HL 137558; R1879082; MOD 2 | (3,107) | - |
| Cardiovascular Diseases Research | 93-837 | - | 7,920 | San Francisco State University | S19-0003; MOD 1 | 7,920 | - |
| Cardiovascular Diseases Research | 93-837 | - | 173,706 | University of Texas at Arlington | 2017GC0717; MOD 01 | 173,706 | - |
| Cardiovascular Diseases Research | 93-837 | - | 10,312 | | | 10,312 | - |
| Total CFDA 93-837 | | 1,575,762 | 373,079 | | | 1,948,841 | 193,613 |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93-846 | - | 337,404 | University of Pennsylvania | 576763 | 337,404 | 13,210 |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93-846 | - | 126,570 | Thomas Jefferson University | PO#2000052675/080-23000-S22501 | 126,570 | - |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93-846 | - | 136,175 | | | 136,175 | - |
| Total CFDA 93-846 | | - | 337,404 | | | 600,149 | 13,210 |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93-847 | 1,743,056 | - | Queens University | 1U01DK103271 SUBAWARD NO. 5 | 1,743,056 | 14,069 |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93-847 | - | 219,661 | Thomas Jefferson University | S22201; 15SDG257400153MOD 3 | 219,661 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93-847 | - | 25,459 | Washington University in St. Louis | WU-17-367-MOD-4; 2928731C | 25,459 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93-847 | - | 65,085 | Yale University | M17A12657 (A1010); MOD2 | 65,085 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93-847 | - | 16,433 | University of Pennsylvania | 572700; MOD2; PENN10059985 | 16,433 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93-847 | - | 33,041 | University of Pennsylvania | 576045 | 33,041 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93-847 | - | 1,940 | University of Massachusetts Medical School | OSP29003-00; PO #WA00874966 | 1,940 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93-847 | - | 2,910 | Johns Hopkins University | Subaward No.: 2004415382 | 2,910 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93-847 | - | 33,268 | | | 33,268 | - |
| Total CFDA 93-847 | | 1,743,056 | 377,797 | | | 2,120,853 | 14,069 |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93-853 | 8,761,263 | - | University of South Carolina | 15-2732/ 5R01NS041596-14 | 8,761,263 | 246,864 |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93-853 | - | 59,229 | University of Michigan | 3003918633; MOD 04 | 59,229 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93-853 | - | 39,062 | University of California, Davis | A17-0078-S001-A02 | 39,062 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93-853 | - | 220,809 | Fox Chase Cancer Center | FCCC # 15099-04; MD 03; 1572 | 220,809 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93-853 | - | 16,677 | Georgia Tech Research Corporation | SUBAWARD RJ096-G1;MOD 2 | 16,677 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93-853 | - | 197,169 | University of Miami | SPC-000429; SPC-000881; MOD2 | 197,169 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93-853 | - | 143,640 | University of Alabama at Birmingham | 000513792-SC004;0005252882-004 | 143,640 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93-853 | - | 77,830 | | | 77,830 | - |
| Total CFDA 93-853 | | 8,761,263 | 754,416 | | | 9,515,679 | 246,864 |
| Allergy and Infectious Diseases Research | 93-855 | 3,639,601 | - | Johns Hopkins University | LDRO1 2002655630 | 3,639,601 | 731,654 |
| Allergy and Infectious Diseases Research | 93-855 | - | (38,756) | Brigham and Women's Hospital | UNKNOWN | (38,756) | - |
| Allergy and Infectious Diseases Research | 93-855 | - | 22,137 | Case Western Reserve University | RES21177; MOD 4 | 22,137 | - |
| Allergy and Infectious Diseases Research | 93-855 | - | 104,254 | Brigham and Women's Hospital | CLINICAL TRIAL CTOT-23 | 104,254 | - |
| Allergy and Infectious Diseases Research | 93-855 | - | 1,029 | Johns Hopkins University | PO# 2003649373 ;MOD 02 | 1,029 | - |
| Allergy and Infectious Diseases Research | 93-855 | - | 4,886 | Oregon Health and Science University | 1004354_DREXEL MOD 6 | 4,886 | - |
| Allergy and Infectious Diseases Research | 93-855 | - | 50,014 | University of Miami | SPC-000842 MOD 1 | 50,014 | - |
| Allergy and Infectious Diseases Research | 93-855 | - | 36,441 | Oregon Health and Science University | 1011753_DREXEL MOD 3 | 36,441 | - |
| Allergy and Infectious Diseases Research | 93-855 | - | 180,554 | Icahn School of Medicine at Mount Sinai | 0255-8689-4609 | 180,554 | - |
| Allergy and Infectious Diseases Research | 93-855 | - | 47,635 | Children's Hospital of Philadelphia | GRT-00000134; PO 20163073-RSUB | 47,635 | - |
| Allergy and Infectious Diseases Research | 93-855 | - | 5,937 | | | 5,937 | - |
| Total CFDA 93-855 | | 3,639,601 | 413,231 | | | 4,052,832 | 731,654 |
| Biomedical Research and Research Training | 93-859 | 3,695,360 | - | Georgia Institute of Technology | RC009-G1100653 - G1;MOD 04 | 3,695,360 | 1,745,350 |
| Biomedical Research and Research Training | 93-859 | - | 31,314 | Children's Hospital of Philadelphia | 3201230419 ;963066 - RSUB | 31,314 | - |
| Biomedical Research and Research Training | 93-859 | - | 145,029 | University of Pennsylvania | 575434; MOD 1 | 145,029 | - |
| Biomedical Research and Research Training | 93-859 | - | 11,853 | University of Illinois at Urbana-Champaign | 077432-17509 | 11,853 | - |
| Biomedical Research and Research Training | 93-859 | - | 20,000 | | | 20,000 | - |
| Total CFDA 93-859 | | 3,695,360 | 208,196 | | | 3,903,556 | 1,745,350 |
| Child Health and Human Development Extramural Research | 93-865 | 1,109,153 | - | | | 1,109,153 | 292,978 |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--|-------------|---------------|---------------|--|------------------------------------|--------------------|--------------------------|
| Child Health and Human Development Extramural Research | 93.865 | - | (819) | Georgia State University | SP00011626-01, MOD 4 | (819) | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 45,606 | Columbia University | U01HL0983544 GGO10103 | 45,606 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 195,595 | University of Arizona | 364645_5R01HD088409-02;MOD 3 | 195,595 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 20,548 | Widener University | SUBCONTRACT # 1 / #33445 | 20,548 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 7,933 | Harvard School of Public Health | 114205-1438-5097549 ; MOD 02 | 7,933 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 61,989 | Oregon Research Institute | SUBAWARD 091818 ; MOD1 | 61,989 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 25,425 | The Board of Trustees of the University of Alabama | 000511041-SC001 ; MOD5 | 25,425 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 198,485 | Harvard School of Public Health | 114205-1538-5097549; 860304;M3 | 198,485 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 9,666 | Harvard School of Public Health | 114205-1538-5097549; 860326 | 9,666 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 18,157 | Medical University of South Carolina | A00-2240-8003; MOD 1 | 18,157 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 5,088 | Children's Hospital of Philadelphia | 3200710000; 062661-RSUB ; MOD2 | 5,088 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 7,400 | Colorado State University | G-45063-02 | 7,400 | - |
| Total CFDA 93.865 | | 1,109,153 | 594,173 | | | 1,703,326 | 292,978 |
| Aging Research | 93.866 | 1,078,184 | - | | | 1,078,184 | 312,051 |
| Aging Research | 93.866 | - | (689) | University of California, San Diego | SUBAWARD#: 5950957/45896018 | (689) | - |
| Aging Research | 93.866 | - | 34,120 | University of Southern California | 75696941 | 34,120 | - |
| Aging Research | 93.866 | - | 5,614 | Indiana University | BL-4645308-UA ; MOD 1 | 5,614 | - |
| Aging Research | 93.866 | - | 130,842 | University of California Los Angeles | 1558 G WA117 ; MOD 2 | 130,842 | - |
| Aging Research | 93.866 | - | 1,959 | Trustees of the University of Pennsylvania | 574030; MOD 2 | 1,959 | - |
| Aging Research | 93.866 | - | 215,795 | University of Pennsylvania | 575447 ; 10067210 ; 35633/00 | 215,795 | - |
| Aging Research | 93.866 | - | 22,957 | Johns Hopkins University School of Medicine | 2004256161 ; MOD 01 | 22,957 | - |
| Aging Research | 93.866 | - | 38,043 | Columbia University | 1GG014709-01 | 38,043 | - |
| Aging Research | 93.866 | - | 101,532 | Brown University | 00001380 (U54AG06354601) | 101,532 | - |
| Aging Research | 93.866 | - | 20,743 | Johns Hopkins University | 2004525971 | 20,743 | - |
| Aging Research | 93.866 | - | 61,725 | University of Pennsylvania | 577439 (1-R01-AG-059763-01A1) | 61,725 | - |
| Total CFDA 93.866 | | 1,078,184 | 632,641 | | | 1,710,825 | 312,051 |
| Medical Library Assistance | 93.879 | - | 12,149 | Medstar Health Research Institute | 5001371840 ; MOD 2 | 12,149 | - |
| Medical Library Assistance | 93.879 | - | 90,736 | Children's Research Institute | 30005484-01 | 90,736 | - |
| Total CFDA 93.879 | | - | 102,885 | | | 102,885 | - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | | | | | | | |
| Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement | 93.912 | - | 11,424 | Harvard School of Public Health | 114205-1438-5097549 | 11,424 | - |
| Total CFDA 93.912 | | - | 11,424 | | | 11,424 | - |
| NATIONAL INSTITUTES OF HEALTH | | | | | | | |
| International Research and Research Training | 93.989 | - | 113,477 | University of Utah | 10039172-01 ; U000160917;MOD6 | 113,477 | - |
| Total CFDA 93.989 | | - | 113,477 | | | 113,477 | - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | | | | | | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | - | 6,995 | Access Matters | AWARD DATED 11/13/19 | 6,995 | - |
| Total CFDA 93.994 | | - | 6,995 | | | 6,995 | - |
| Home Assessments for Patients and Families with Special Health Care Needs: Developing Tools, Communication Str | 93.RD | 288,454 | - | | | 288,454 | - |
| Visiting Scientist Agreement | 93.RD | - | 6,886 | Thomas Jefferson University | AWARD DTD 10/01/2018 | 6,886 | - |
| Jackson Heart Study Field Center | 93.RD | - | 44,063 | University of Mississippi Medical Center | 6611340819-02 ; MOD 01;YR 3 | 44,063 | - |
| Development of Novel STING Pathway Agonists as Vaccine Adjuvants | 93.RD | - | 161,531 | Oregon Health and Science University | 1014432_Drexel | 161,531 | - |
| Total CFDA 93.RD | | 288,454 | 212,480 | | | 500,934 | - |
| Total Department of Health and Human Services | | \$ 38,788,803 | \$ 8,180,400 | | | \$ 46,969,203 | \$ 6,695,305 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | | | | | |
| Corporation for National and Community Service | | | | | | | |
| National Service and Civic Engagement Research Competition | 94.026 | \$ 110,053 | \$ - | | | \$ 110,053 | \$ - |
| Total CFDA 94.026 | | \$ 110,053 | \$ - | | | \$ 110,053 | \$ - |
| DEPARTMENT OF HOMELAND SECURITY | | | | | | | |
| FEDERAL EMERGENCY MANAGEMENT AGENCY | | | | | | | |
| Assistance to Firefighters Grant | 97.044 | \$ 497,307 | \$ - | | | \$ 497,307 | \$ 9,048 |
| Assistance to Firefighters Grant | 97.044 | - | 630,642 | Fire Department Safety Officers Association | EMW-2017-FP-00274 | 630,642 | 72,985 |
| Total CFDA 97.044 | | \$ 497,307 | \$ 630,642 | | | \$ 1,127,949 | \$ 82,032 |
| Total Department of Homeland Security | | \$ 497,307 | \$ 630,642 | | | \$ 1,127,949 | \$ 82,032 |
| TOTAL RESEARCH AND DEVELOPMENT CLUSTER: | | | | | | | |
| | | \$ 60,112,524 | \$ 15,253,925 | | | \$ 75,366,449 | \$ 9,741,252 |
| ECONOMIC DEVELOPMENT CLUSTER | | | | | | | |
| DEPARTMENT OF COMMERCE | | | | | | | |
| ECONOMIC DEVELOPMENT ADMINISTRATION | | | | | | | |
| Investments for Public Works and Economic Development Facilities | 11.300 | 1,500,000 | - | | | 1,500,000 | - |
| Total CFDA 10.561 | | 1,500,000 | - | | | 1,500,000 | - |
| Total Department of Agriculture | | \$ 1,500,000 | \$ - | | | \$ 1,500,000 | \$ - |
| TOTAL ECONOMIC DEVELOPMENT CLUSTER | | \$ 1,500,000 | \$ - | | | \$ 1,500,000 | \$ - |
| SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER | | | | | | | |
| DEPARTMENT OF AGRICULTURE | | | | | | | |
| FOOD AND NUTRITION SERVICE | | | | | | | |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--|-------------|------------|--------------|--|------------------------------------|--------------------|--------------------------|
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | \$ - | \$ 444,137 | Penn State University | S000419-COP-DU | \$ 444,137 | \$ - |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | - | 1,147,453 | Penn State University | 5739-DU-COP-9151 | 1,147,453 | - |
| Total CFDA 10.561 | | - | 1,591,590 | | | 1,591,590 | - |
| Total Department of Agriculture | | \$ - | \$ 1,591,590 | | | \$ 1,591,590 | \$ - |
| TOTAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER | | \$ - | \$ 1,591,590 | | | \$ 1,591,590 | \$ - |
| TEMPORARY ASSISTANCE FOR NEEDY FAMILIES CLUSTER | | | | | | | |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | |
| ADMINISTRATION FOR CHILDREN AND NEEDY FAMILIES | | | | | | | |
| Temporary Assistance for Needy Families | 93.558 | \$ - | \$ 365,555 | Philadelphia Works | TF20-093 | \$ 365,555 | \$ - |
| Total CFDA 93.558 | | - | 365,555 | | | 365,555 | - |
| Total Department of Health and Human Services | | \$ - | \$ 365,555 | | | \$ 365,555 | \$ - |
| TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES CLUSTER | | \$ - | \$ 365,555 | | | \$ 365,555 | \$ - |
| OTHER SPONSORED PROJECTS | | | | | | | |
| DEPARTMENT OF AGRICULTURE | | | | | | | |
| AGRICULTURAL RESEARCH SERVICE | | | | | | | |
| Agricultural Research Basic and Applied Research | 10.001 | \$ 22,990 | \$ - | | | \$ 22,990 | \$ - |
| Total CFDA 10.001 | | 22,990 | - | | | 22,990 | - |
| FOOD AND NUTRITION SERVICE | | | | | | | |
| National School Lunch Program | 10.555 | 306 | - | | | 306 | - |
| Total CFDA 10.555 | | 306 | - | | | 306 | - |
| Total Department of Agriculture | | \$ 23,296 | \$ - | | | \$ 23,296 | \$ - |
| DEPARTMENT OF DEFENSE | | | | | | | |
| Functional Textile Integration of Microelectronic Fibers | 12.U01 | - | 8,781 | Massachusetts Institute of Technology | PO # 7000461964 | \$ 8,781 | \$ - |
| Anacostia Consulting | 12.U01 | - | (4,533) | CH2M Hill | PO#948061 | (4,533) | - |
| Total CFDA 12.U01 | | - | 4,248 | | | 4,248 | - |
| Total Department of Defense | | \$ - | \$ 4,248 | | | \$ 4,248 | \$ - |
| DEPARTMENT OF JUSTICE | | | | | | | |
| OFFICE OF JUSTICE PROGRAMS | | | | | | | |
| Crime Victim Assistance | 16.575 | \$ - | \$ 179,291 | Pennsylvania Commission on Crime and Delinquency | 2016/2017-VF-05-28235 | \$ 179,291 | \$ - |
| Crime Victim Assistance | 16.575 | - | 29,885 | Pennsylvania Commission on Crime and Delinquency | 2017/2018-VF-05-29116 | 29,885 | - |
| Total CFDA 16.575 | | - | 209,176 | | | 209,176 | - |
| OFFICE OF JUSTICE PROGRAMS | | | | | | | |
| Crime Victim Assistance/Discretionary Grants | 16.582 | 340,388 | - | | | 340,388 | 32,758 |
| Total CFDA 16.582 | | 340,388 | - | | | 340,388 | 32,758 |
| Total Department of Justice | | \$ 340,388 | \$ 209,176 | | | \$ 549,564 | \$ 32,758 |
| DEPARTMENT OF STATE | | | | | | | |
| BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS | | | | | | | |
| Academic Exchange Programs - Undergraduate Programs | 19.009 | \$ - | \$ 155,801 | International Research & Exchanges Board | FY19-YALI-CL-DRX-03 | \$ 155,801 | \$ - |
| Academic Exchange Programs - Undergraduate Programs | 19.009 | - | 3,150 | International Research & Exchanges Board | Subgrant FY18-YALI-CL-Drexel-0 | 3,150 | - |
| Total CFDA 19.009 | | - | 158,951 | | | 158,951 | - |
| Academic Exchange Programs - Graduate Students | 19.400 | - | 4,842 | Institute of International Education | FST1801_DREXEL_5.15.18 | 4,842 | - |
| Academic Exchange Programs - Graduate Students | 19.400 | - | 272,912 | Institute of International Education | FST1901_Drexel_EGSP_2019 | 272,912 | - |
| Total CFDA 19.400 | | - | 277,754 | | | 277,754 | - |
| Total Department of State | | \$ - | \$ 436,705 | | | \$ 436,705 | \$ - |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | | | | |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | | | | |
| Office of Stem Engagement (OSTEM) | 43.008 | \$ 46,458 | \$ - | | | \$ 46,458 | \$ - |
| Total CFDA 43.008 | | 46,458 | - | | | 46,458 | - |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | | | | |
| Are High-Redshift Spectroscopic Black Hole Mass Estimates Biased | 43.U02 | - | 1,732 | Space Telescope Science Institute | HST-GO-14135.001-A | 1,732 | - |
| Total CFDA 43.U02 | | - | 1,732 | | | 1,732 | - |
| Total National Aeronautics and Space Administration | | \$ 46,458 | \$ 1,732 | | | \$ 48,190 | \$ - |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | | | | | | | |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | | | | | | | |
| Promotion of the Humanities Office of Digital Humanities | 45.169 | \$ - | \$ 3,250 | Temple University | 262524-DU ; MOD 2 | \$ 3,250 | \$ - |
| Total CFDA 45.169 | | - | 3,250 | | | 3,250 | - |
| National Leadership Grants | 45.312 | - | 17,165 | Montana State University | G108-20-W7374 | 17,165 | - |
| Total CFDA 45.169 | | - | 17,165 | | | 17,165 | - |
| Total National Endowment for the Humanities | | \$ - | \$ 20,415 | | | \$ 20,415 | \$ - |
| DEPARTMENT OF VETERAN AFFAIRS | | | | | | | |
| DEPARTMENT OF VETERAN AFFAIRS | | | | | | | |
| Center for Health Equity Research and Promotion Protocol ID 00317 | 64.U03 | \$ 52,163 | \$ - | | | \$ 52,163 | \$ - |
| VHA Human Factors Engineering | 64.U03 | 28,713 | - | | | 28,713 | - |
| Integrated Cognitive Behavior Therapy | 64.U03 | 7,662 | - | | | 7,662 | - |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--|--------------------------|---------------------|-------------------|--|------------------------------------|----------------------|--------------------------|
| Investigating Multi-Level Determinants of Racial/Ethnic Disparities in Quality of End-of-Life Care for Veterans | 64.U03 | 27,323 | - | | | 27,323 | - |
| TOTAL DEPARTMENT OF VETERAN AFFAIRS | Total CFDA 64.U03 | 115,861 | - | | | 115,861 | - |
| DEPARTMENT OF ENERGY | | \$ 115,861 | \$ - | | | \$ 115,861 | \$ - |
| DEPARTMENT OF ENERGY | | | | | | | |
| Renewable Energy Research and Development | 81.087 | \$ - | \$ 37,012 | General Motors LLC | PO # 4300498846 | \$ 37,012 | \$ - |
| Total Department of Energy | Total CFDA 81.807 | - | 37,012 | | | 37,012 | - |
| DEPARTMENT OF EDUCATION | | \$ - | \$ 37,012 | | | \$ 37,012 | \$ - |
| OFFICE OF POSTSECONDARY EDUCATION | | | | | | | |
| National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program | 84.015 | \$ - | \$ 4,760 | University of Pennsylvania | 565407 / 10047739/15872;MOD4 | \$ 4,760 | \$ - |
| National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program | 84.015 | - | 1,315 | Trustees of the University of Pennsylvania | 565326 / MOD 04 | 1,315 | - |
| Total CFDA 84.015 | | - | 6,075 | | | 6,075 | - |
| OFFICE OF INNOVATION AND IMPROVEMENT | | | | | | | |
| Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods | 84.215 | 6,450,909 | - | | | 6,450,909 | 3,689,117 |
| Total CFDA 84.215 | | 6,450,909 | - | | | 6,450,909 | 3,689,117 |
| Special Education - Personnel Development to Improve Services and Results for Children with Disabilities | 84.325 | 42,557 | - | | | 42,557 | - |
| Total CFDA 84.325 | | 42,557 | - | | | 42,557 | - |
| OFFICE OF ELEMENTARY AND SECONDARY EDUCATION | | | | | | | |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367 | - | 170,437 | School District Of Philadelphia | SC; 586154 RFQ; 180 | 170,437 | - |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367 | - | 311,139 | PA Department of Education | 4100081325A | 311,139 | - |
| Total CFDA 84.367 | | - | 481,276 | | | 481,276 | - |
| Office of Early Learning (OEL) | | | | | | | |
| Race to the Top-Early Learning Challenge | 84.412 | - | (235) | PA Department of Education | 4100079816 | (235) | (235) |
| Total CFDA 84.412 | | - | (235) | | | (235) | (235) |
| DEPARTMENT OF EDUCATION | | | | | | | |
| COVID-19 - Higher Education Emergency Relief Funding - Student Aid Portion | 84.425E | 3,147,000 | - | | | 3,147,000 | - |
| Total CFDA 84.25E | | 3,147,000 | - | | | 3,147,000 | - |
| Total Department of Education | | \$ 9,640,406 | \$ 487,116 | | | \$ 10,127,582 | \$ 3,688,899 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | |
| CENTERS FOR DISEASE CONTROL AND PREVENTION | | | | | | | |
| Prevention of Disease, Disability, and Death by Infectious Diseases | 93.084 | \$ - | \$ 115,014 | City of Philadelphia | 1720467-04; 1720467-05 | \$ 115,014 | \$ - |
| Total CFDA 93.084 | | - | 115,014 | | | 115,014 | - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | | | | | | | |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | - | 11,000 | Children's Hospital of Philadelphia | 127007-32096105 18- 19- 20-21 | 11,000 | - |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | - | 24,763 | Children's Sickle Cell Foundation | SUB - AWARD #: ISCDNBSFP2018 | 24,763 | - |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | - | 13,186 | University of California Los Angeles | 2000G Tj481.14-441589-ZI-29857 | 13,186 | - |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | - | 34,724 | University of California Los Angeles | 2000 G Tj481; MOD 06 | 34,724 | - |
| Total CFDA 93.110 | | - | 83,673 | | | 83,673 | - |
| Coordinated Services and Access to Research for Women, Infants, Children, and Youth | 93.153 | 337,401 | - | | | 337,401 | - |
| Total CFDA 93.153 | | 337,401 | - | | | 337,401 | - |
| OFFICE OF ASSISTANT SECRETARY FOR HEALTH | | | | | | | |
| Family Planning Services | 93.217 | - | 128,817 | Access Matters | CONTRACT 202401; 202501 | 128,817 | - |
| Total CFDA 93.217 | | - | 128,817 | | | 128,817 | - |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION | | | | | | | |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | 384,946 | - | | | 384,946 | - |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | - | 2,668 | Pennsylvania Department of Drug and Alcohol Programs | Contract 4400015617 | 2,668 | - |
| Total CFDA 93.243 | | 384,946 | 2,668 | | | 387,614 | - |
| ADMINISTRATION FOR CHILDREN AND FAMILIES | | | | | | | |
| Every Student Succeeds Act/Preschool Development Grants | 93.434 | - | 10,000 | Delaware County Community College | 90TP0038; 142701-5 | 10,000 | - |
| Total CFDA 93.283 | | - | 10,000 | | | 10,000 | - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | | | | | | | |
| Public Health Training Centers Program | 93.516 | - | 81,886 | University of Pittsburgh | 0061461(131334-3);(132834-3) | 81,886 | - |
| Total CFDA 93.516 | | - | 81,886 | | | 81,886 | - |
| ADMINISTRATION FOR CHILDREN AND FAMILIES | | | | | | | |
| Social Services Block Grant | 93.667 | - | 24,690 | Access Matters | CONTRACT# 182401 | 24,690 | - |
| Social Services Block Grant | 93.667 | - | 77,921 | Access Matters | 190201 MOD 01 | 77,921 | - |
| Total CFDA 93.667 | | - | 102,611 | | | 102,611 | - |
| CENTERS FOR DISEASE CONTROL AND PREVENTION | | | | | | | |
| Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations | 93.898 | - | 5,866 | Access Matters | Contract# 180203 | 5,866 | - |
| Total CFDA 93.898 | | - | 5,866 | | | 5,866 | - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | | | | | | | |
| HIV Emergency Relief Project Grants | 93.914 | \$ - | \$ (3,130) | City of Philadelphia - Aids Activities Coordinating Office | 1520267 R4587 | \$ (3,130) | \$ - |
| HIV Emergency Relief Project Grants | 93.914 | - | 48,091 | City of Philadelphia - Aids Activities Coordinating Office | 1820529; R8212;SRX18001030 | 48,091 | - |
| HIV Emergency Relief Project Grants | 93.914 | - | 52,896 | City of Philadelphia - Aids Activities Coordinating Office | 1820529-01 RS9875 | 52,896 | - |
| HIV Emergency Relief Project Grants | 93.914 | - | 558,377 | City of Philadelphia - Aids Activities Coordinating Office | 1820529-01 RW9212 | 558,377 | - |
| HIV Emergency Relief Project Grants | 93.914 | - | 222,469 | City of Philadelphia - Aids Activities Coordinating Office | 1820529-01 RW9213 | 222,469 | - |
| HIV Emergency Relief Project Grants | 93.914 | - | 165,279 | City of Philadelphia - Aids Activities Coordinating Office | 1820528-01 RM9811 | 165,279 | - |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--|-------------|----------------|------------------|---|------------------------------------|--------------------|--------------------------|
| HIV Emergency Relief Project Grants | 93-914 | - | 112,551 | City of Philadelphia - Aids Activities Coordinating Office | 1820528-01; RM9812 | 112,551 | - |
| HIV Emergency Relief Project Grants | 93-914 | - | 68,637 | City of Philadelphia - Aids Activities Coordinating Office | 1820528-02; RM0811 | 68,637 | - |
| HIV Emergency Relief Project Grants | 93-914 | - | 111,932 | City of Philadelphia - Aids Activities Coordinating Office | RW0213; 1820529-02 | 111,932 | - |
| HIV Emergency Relief Project Grants | 93-914 | - | 19,720 | City of Philadelphia - Aids Activities Coordinating Office | 1820529-02; RS0875 | 19,720 | - |
| Total CFDA 93-914 | | - | 1,356,822 | | | 1,356,822 | - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | | | | | | | |
| HIV Care Formula Grants | 93-917 | - | 398 | City of Philadelphia - Aids Activities Coordinating Office | 1520160-03; RXB8113 | 398 | - |
| HIV Care Formula Grants | 93-917 | - | 1,173 | Jewish Healthcare Foundation | AGREEMENT #1819-5142 | 1,173 | - |
| HIV Care Formula Grants | 93-917 | - | 57,179 | Jewish Healthcare Foundation | 1920-5142 | 57,179 | - |
| Total CFDA 93-917 | | - | 58,750 | | | 58,750 | - |
| Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease | 93-918 | 687,111 | - | | | 687,111 | 34,020 |
| Total CFDA 93-918 | | 687,111 | - | | | 687,111 | 34,020 |
| CENTERS FOR DISEASE CONTROL AND PREVENTION | | | | | | | |
| HIV Prevention Activities Health Department Based | 93-940 | \$ - | \$ 2,172 | City of Philadelphia - Aids Activities Coordinating Office | 1820419-01; CP8016 | \$ 2,172 | \$ - |
| HIV Prevention Activities Health Department Based | 93-940 | - | 2,765 | City of Philadelphia - Aids Activities Coordinating Office | 1820419-01; CP8015 | 2,765 | - |
| HIV Prevention Activities Health Department Based | 93-940 | - | (364) | City of Philadelphia - Aids Activities Coordinating Office | 1820468; CP8017 | (364) | - |
| HIV Prevention Activities Health Department Based | 93-940 | - | 26,952 | City of Philadelphia - Aids Activities Coordinating Office | 1820419-02; CP9015 | 26,952 | - |
| HIV Prevention Activities Health Department Based | 93-940 | - | 51,995 | City of Philadelphia - Aids Activities Coordinating Office | 1820528-02; RM0812 | 51,995 | - |
| HIV Prevention Activities Health Department Based | 93-940 | - | 26,560 | City of Philadelphia - Aids Activities Coordinating Office | 1820419-03; CP0015 | 26,560 | - |
| Total CFDA 93-940 | | - | 110,080 | | | 110,080 | - |
| SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION | | | | | | | |
| Block Grants for Community Mental Health Services | 93-958 | - | 14,387 | University of Pennsylvania | 574727 | 14,387 | - |
| Block Grants for Community Mental Health Services | 93-958 | - | 2,232 | Georgia Dept. of Behavioral Health & Development Disabilities | 44100-909-0000135305 | 2,232 | - |
| Block Grants for Community Mental Health Services | 93-958 | - | 2,218 | Oklahoma Dept. of Mental Health and Substance Abuse Services | 3B09SM010042; PO 4529060689 | 2,218 | - |
| Total CFDA 93-958 | | - | 18,837 | | | 18,837 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93-959 | - | 64,845 | University of Louisiana | SUBAWARD# 340122-03 | 64,845 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93-959 | - | 125,000 | City of Philadelphia - Office of Addiction Services | 19-20259 | 125,000 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93-959 | - | 20,292 | University of Louisiana - Lafayette | 340122-02 ; MOD 01 | 20,292 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93-959 | - | 64,644 | City of Philadelphia - Office of Addiction Services | 19-20259-02 SIXX20000487 | 64,644 | - |
| Total CFDA 93-959 | | - | 274,781 | | | 274,781 | - |
| HEALTH RESOURCES AND SERVICES ADMINISTRATION | | | | | | | |
| Maternal and Child Health Services Block Grant to the States | 93-994 | - | 41,127 | Children's Hospital of Philadelphia | PO#20013370-RSUB;220010619 | 41,127 | - |
| Maternal and Child Health Services Block Grant to the States | 93-994 | - | 97,309 | City of Philadelphia | 1820120-03 | 97,309 | - |
| Maternal and Child Health Services Block Grant to the States | 93-994 | - | 276,270 | Pennsylvania Department of Health | 4100080552 EXT1 | 276,270 | - |
| Maternal and Child Health Services Block Grant to the States | 93-994 | - | 2,270 | Access Matters | CONTRACT # 183007 | 2,270 | - |
| Maternal and Child Health Services Block Grant to the States | 93-994 | - | 5,828 | Pennsylvania Department of Health | 4100079812R/ 2 SAFI /2/3 EXT1 | 5,828 | - |
| Total CFDA 93-994 | | - | 422,804 | | | 422,804 | - |
| Access Matters | 93.U04 | - | - | Access Matters | 190201; MOD 01 | - | - |
| Catheter Ablation Versus Anti-arrhythmic Drug Therapy for Atrial Fibrillation Trial - CABANA | 93.U04 | - | (9,994) | Duke Clinical Research Institute | 4772 CABANA TRIAL | (9,994) | - |
| Total CFDA 93.U04 | | - | (9,994) | | | (9,994) | - |
| Total Department of Health and Human Services | | \$ 1,409,458 | \$ 2,762,615 | | | \$ 4,172,073 | \$ 34,020 |
| AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | | | | |
| AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | | | | |
| USAID Foreign Assistance for Programs Overseas | 98.001 | \$ - | \$ 31,560 | 21st Century Partnership for STEM Education | 21PSTEM 72026318C0003 | \$ 31,560 | \$ - |
| Total CFDA 98.012 | | - | 31,560 | | | 31,560 | - |
| Total Agency for International Development | | \$ - | \$ 31,560 | | | \$ 31,560 | \$ - |
| TOI DEPARTMENT OF EDUCATION | | \$ 11,573,927 | \$ 3,990,579 | | | \$ 15,566,506 | \$ 3,755,677 |
| OFFICE OF FEDERAL STUDENT AID | | | | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | \$ 46,857 | \$ - | | | \$ 46,857 | \$ - |
| Total CFDA 84.007 | | 46,857 | - | | | 46,857 | - |
| STUDENT FINANCIAL AID CLUSTER | | | | | | | |
| Federal Work-Study Program | 84.033 | 2,851,571 | - | | | 2,851,571 | - |
| Total CFDA 84.033 | | 2,851,571 | - | | | 2,851,571 | - |
| Federal Perkins Loan Program | | | | | | | |
| Outstanding loans as of July 1, 2019 | 84.038 | 17,459,375 | - | | | 17,459,375 | - |
| Total CFDA 84.038 | | 17,459,375 | - | | | 17,459,375 | - |
| Federal Pell Grant Program | 84.063 | 86,934 | - | | | 86,934 | - |
| Total CFDA 84.063 | | 86,934 | - | | | 86,934 | - |
| Graduate Assistance in Areas of National Need | 84.200 | 731,903 | - | | | 731,903 | - |
| Total CFDA 84.200 | | 731,903 | - | | | 731,903 | - |
| Federal Direct Student Loans | 84.268 | 239,618,413 | - | | | 239,618,413 | - |
| Total CFDA 84.268 | | 239,618,413 | - | | | 239,618,413 | - |
| Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | 84.379 | 13,409 | - | | | 13,409 | - |
| Total CFDA 84.379 | | 13,409 | - | | | 13,409 | - |
| Total Department of Education | | \$ 260,808,462 | \$ - | | | \$ 260,808,462 | \$ - |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | |
| Health Resources and Services Administration | | | | | | | |
| Primary Care Loans | | | | | | | |
| Outstanding loans as of July 1, 2019 | 93.342 | \$ 1,988,759 | \$ - | | | \$ 1,988,759 | \$ - |

Drexel University and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

| Federal Grantor / Program or Cluster Title | CFDA Number | Direct | Pass-Through | Pass-Through Entity | Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|---|--------------------------|------------------|---------------|---------------------|------------------------------------|--------------------|--------------------------|
| New loans issued during 2020 | 93.342 | - | - | | | - | - |
| Total Primary Care Loans | | 1,988,759 | - | | | 1,988,759 | - |
| | Total CFDA 93.342 | 1,988,759 | - | | | 1,988,759 | - |
| Total Department of Health and Human Services | | \$ 1,988,759 | \$ - | | | \$ 1,988,759 | \$ - |
| TOTAL STUDENT FINANCIAL AID CLUSTER | | \$ 262,797,221 | \$ - | | | \$ 262,797,221 | \$ - |
| TOTAL FEDERAL AWARD EXPENDITURES | | \$ 335,985,672 | \$ 21,201,649 | | | \$ 357,187,321 | \$ 13,496,929 |

Drexel University and Subsidiaries

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) summarizes the expenditures of Drexel University and Subsidiaries (the “University”) under programs of the federal government for the year ended June 30, 2020. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the consolidated financial position, revenues, expenses, and changes in net assets of the University.

For the purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies or departments of the federal government and all sub-awards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

Federally guaranteed loans issued to students of the University by various financial institutions and campus-based loan programs, disclosed in Note 3, are also included in the Schedule.

The University applies its predetermined approved facilities and administrative rate when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

2. Basis of Accounting

The Schedule is presented using the accrual basis of accounting. Negative items on the Schedule represent adjustments from the prior year.

3. Federal Student Loan Programs

Drexel University participates in and administers the following student loan programs:

| | CFDA Number | Loan Receivable as of June 30, 2019 |
|----------------------------------|----------------|--|
| Other student loan programs: | | |
| Federal Perkins Loan Program | 84.038 | \$ 17,458,256 |
| Primary Carre Loans | 93.342 | 1,988,759 |
| Loans for Disadvantaged Students | 93.342 | 69,068 |
| Nursing Student Loan | 93.364 | - |
| | | \$ 19,516,083 |

Drexel University accounts for such loan programs in separate revolving loan funds. As such, the balances and transactions of these loan programs are recorded in Drexel University’s consolidated financial statements. There was no administrative cost allowance for the Federal Perkins Loan Program for the year ended June 30, 2020. The amount of Perkins loan principal cancelled during the year was \$74,414 (CFDA #84.038).

The University is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs; therefore, the net assets and transactions for those programs are not included in the University’s financial statements.

II. Internal Control and Compliance



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Drexel University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Drexel University and its Subsidiaries (“the University”), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University’s internal control over financial reporting (“internal control”) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RiceWaterhouse Coopers LLP

Philadelphia, Pennsylvania
October 30, 2020



**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal
Control Over Compliance in Accordance with the Uniform Guidance**

To the Board of Trustees Drexel University

Report on Compliance for Each Major Federal Program

We have audited Drexel University and its Subsidiaries' (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2020. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the accompanying Management's View and Corrective Action Plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RiceWaterhouse Coopers LLP

Philadelphia, Pennsylvania
April 30, 2021

III. Schedule of Findings and Questioned Costs

Drexel University and Subsidiaries
Schedule of Audit Findings and Questioned Cost
For the Year Ended June 30, 2020

Section I – Summary of Auditor’s Results
Consolidated Financial Statements

- (i) Type of auditor’s report issued: Unmodified
- (ii) Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- (iii) Noncompliance material to financial statements noted? yes no

Federal Awards

- (iv) Internal control over major programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- (v) Type of auditor’s report issued on compliance for major programs: Unmodified
- (vi) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no
- (vii) Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|-----------------------|--|
| Various | Research and Development Cluster |
| 84.425E | Higher Education Emergency Relief Fund (HEERF) Student Aid Portion |
| 10.561 | Supplemental Nutrition Assistance Program Cluster |

- (vii) Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000
- (ix) Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None noted.

Drexel University and Subsidiaries

Schedule of Audit Findings and Questioned Cost

For the Year Ended June 30, 2020

Section III – Federal Awards Findings and Questioned Costs

Finding 2020-001: Eligibility

Grantor: Aids Activity Coordinating Office (AACO)

Program: Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease **CFDA #:** 93.914

Title: Ambulatory/Out-Patient Medical Care, Care Services Case Management

Award #: H89HA00013

Award Year: 7/1/2019 – 6/30/2020

Criteria

Per the AACO/PA Dept. of Health Ryan White Part A/B – Payer of Last Resort Client Certification Form Instructions, “The Health Resources and Services Administration (HRSA) standards require service providers who receive Ryan White funding to screen clients and collect supporting documentation to certify their eligibility for Ryan White-funded services based on HIV positive diagnosis, identity, residence, insurance status, and income. The standards further require recertification every 6 months to determine continued eligibility.” The certification form states under the ‘Verification of Insurance’ requirement, “Having insurance or other third-party coverage does not deem a client ineligible for Ryan White. However, that coverage should serve as primary in reimbursement of services as Ryan White is to serve as ‘Payer of Last Resort’ for those services. Verification of eligibility shall remain in the client’s file.”

Condition

For 2 of a sample of 40 patient files selected for testing in fiscal year 2020, the patients were certified as eligible for Ryan White funds, yet each patient’s insurance did not meet the “Payer of Last Resort” requirement. The same condition was present in the prior year finding 2019-001.

Cause

Both patients were originally certified as eligible based on allowable insurance coverage (i.e. Government programs). However, at their most recent recertification, both patients’ insurance changed to coverage that did not qualify under the “Payer of Last Resort” requirement. The patients informed case managers of the change in insurance, but recertification still occurred without proper verification of income.

Effect:

As a result of not recertifying upon each visit as required under the program, ineligible participants may improperly receive services under the Ryan White program.

Questioned Costs

There were no questioned costs related to this finding because federal funds were not specifically reimbursed to the University for the services provided to the inappropriately recertified patients.

Drexel University and Subsidiaries
Schedule of Audit Findings and Questioned Cost
For the Year Ended June 30, 2020

Recommendation

We recommend the University ensures that changes in insurance are identified and reviewed for all patients during the recertification process. After a change to an ineligible insurance provider is identified, management should immediately initiate a request for proof of income to verify that the patient's income doesn't exceed 500% of the Federal Poverty Level. In addition, management should consider implementing a secondary level of review during the recertification process.

Views of responsible officials and planned corrective actions

Following this finding is Management's View and Corrective Action Plan.

Drexel University and Subsidiaries

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2020

2019-001: Return of Title IV Funds

Grantor: Department of Education
Program: Student Financial Assistance Cluster
CFDA#: 84.268
Title: Federal Direct Student Loan Program
Award Year: 7/1/2018 – 6/30/2019

Condition

For 1 of the 25 students selected for testing, the Title IV funds were not returned within 45 days of the student's withdrawal from the University. The funds were returned 85 days after the student's withdrawal date, which is 40 days outside the required 45-day window. Although the funds were not returned within the required timeframe, the appropriate amount of funds were returned to the Department of Education.

Status Update

Department Management has updated its process to include a more detailed review of the funds that were returned before marking a student's file complete. On a weekly basis, Management now performs the following procedures: 1) Reviews to ensure that the funds are returned prior to submitting final documents 2) After the return of Title IV funds ("R2T4") is processed in Banner, Management reviews student account activity to ensure funds have been removed from the student account successfully, and that the correct code has been added to the account, and 3) A new report is run to verify that the appropriate codes have been added to the student record for tracking purposes.

In addition, Management has incorporated a new process in which it selects a sample population of students and re-runs their R2T4 through the Department of Education's Common Origination and Disbursement ("COD") calculator. This allows Management to compare its internal calculations to COD calculations to ensure accuracy of reports.

Drexel University and Subsidiaries

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2020

2019-002: Eligibility

Grantor: Aids Activity and Coordinating Office (AACO)
Program: Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease
CFDA#: 93.914
Title: Ambulatory/Out-Patient Medical Care, Care Services Case Management
Award Year: 7/1/2018 – 06/30/2019
Award Number: H89HA00013

Condition

For 2 of a sample of 40 patient files selected for testing, the patients were certified as eligible for Ryan White funds, yet each patient's insurance did not meet the "Payer of Last Resort" requirement.

Status Update

Case managers continue to certify patients assigned to them with 100% accuracy. Two patients that were not case managed and assigned for review during clinic hours were determined out of compliance.

With the many competing demands for 2020, such as transitioning to a new Electronic Health Record (EHR) system in April and moving to a virtual model for clinical operation in response to the COVID-19 pandemic, the chart audit review process was not completed systemically. This remote access has highlighted a need for changes within our current workflow to maintain compliance. In order to improve compliance, a full time equivalent staff position needs to be dedicated to the proper and accurate review of all patients with specific attention to those that are not case managed to insure that the appropriate documentation is obtained to verify income eligibility for Ryan White certification. Stronger more rigorous corrective action plans are being implemented October 26, 2020.



Office of the Comptroller
Research Accounting Services

Federal Uniform Guidance Audit Findings

2020-001: Eligibility

Agency: Aids Activity Coordinating Office (AACO)
CFDA #: 93.914
Title: Ambulatory/Out-Patient Medical Care, Care Services Case Management
Award #: H89HA00013
Award Year: 7/1/2019 – 6/30/2020

Management's Response:

Management agrees with the finding that 2 of the 40 patients that were certified as eligible for Ryan White funds did not meet the "Payer of Last Resort" income requirement.

The two patients were both previously Ryan White (RW) eligible due to having Medicaid and/or Special Pharmaceutical Benefit Program (SPBP) coverage. The error was made due to the certifier not checking their current insurance status. In the past year their insurance status had changed from Medicaid and SPBP to private insurance. There was no current proof of income or proof of income by proxy from Medicaid or SPBP.

Corrective Action Plan:

This has been a recurring finding and more rigorous actions are necessary to remediate the finding. Starting October 26, 2020, with oversight from Amy Althoff, Medical Director, these actions will include: 1. A training/retraining of staff on a quarterly basis of the Ryan White Certification process to understand the requirements and consequences. 2. The Director of Case Management, will spend one supervisory session each month with individual staff members to review and monitor corrective implementation of the RW Certification process. 3. There will be more of a focus on accurate certification of non-case managed patients. 4. Project review, to be completed by December 31, 2020, will have a dedicated task force to review all current patients and their Ryan White eligibility. All currently active patients and unassigned patients will be assigned to case managers which will use a checklist as verification tool to confirm all supporting documentation for Ryan White eligibility is in the patient's chart 5. Request to establish a full-time equivalent position who can concurrently work with uninsured patients to get insurance and determine Ryan White eligibility.

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April 30, 2021

Patricia J. Russo
Associate Vice President and Comptroller

Date

DocuSigned by:

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April 30, 2021

Evelyn Balabis
Executive Director

Date